

**Audit Quality, Forensic Accounting Techniques, and Value Relevance of Accounting
Information of selected Companies in Nigeria**

**Oluwakemi Adefisayo ADEJUWON
LCU/PG/000545**

**Being a PhD Thesis submitted to the Department of Management & Accounting,
Faculty of Management & Social Sciences, Lead City University, Ibadan, Oyo State,
Nigeria**

**In Partial Fulfilment of the Requirements for the Award of Doctor of Philosophy (PhD)
Degree in Accounting**

2024

Certification

This is to certify that Oluwakemi Adefisayo ADEJUWON with matriculation number LCU/PG/000545 carried out this research work titled Audit Quality, Forensic Accounting Techniques and Value Relevance of selected Oil and Gas companies in Nigeria in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo state, for the award of Doctor of Philosophy Degree in Accounting and that this has not been previously submitted.

Prof. G. E. Oyedokun
Supervisor

Date

Dr. T. M. Akinbo
Head of Department

Date

Dedication

This research work is dedicated to God Almighty, who has given me the resources to start and complete this thesis.

Lead City University Ibadan DO NOT COPY

Acknowledgment

I will like to appreciate God for how far he has brought me and it is with great gratitude that I give him praise for wisdom, strength, and grace to pursue and complete this degree. I'm amazed at how intentional he is about me.

I would like to sincerely appreciate my supervisor and mentor, Prof. G.E Oyedokun, for his support and invaluable guidance, advice, and help throughout the research process. It's a privilege being under his tutelage. I would also like to appreciate my parents Prof. Adewale Adejuwon and Mrs Janet Adejuwon for constantly encouraging me and pushing me to complete this thesis

I would like to express my gratitude to the Lead City University community for their assistance in pursuing this degree. The resources, facilities, and services provided were instrumental in helping me achieve this milestone. I am particularly grateful to the Department of Management and Accounting and its faculty members. From the Dean who doubles as the Deputy Vice-Chancellor, Prof. O. Campbell, to the Head of Department, Ass. Prof. T. M. Akinbo, and other lecturers, including Prof. K. A. Adeyemo, Ass. Prof Longe Kayode, Prof. O. O. Adepoju, Prof Ojedokun, Dr. O. Olaleye, Dr. Oladejo, Dr. A. Onamusi, Dr. O. J. Olusola, Dr. F. Igbadumhe, Dr. Oreagba, Dr. S. A. Babarinde, Dr. Ibikunle, Dr. Olateju Dr. Adewumi, Mrs. Soretire, as well as my invaluable Departmental Office Administrators, Mrs. Adekunle, Mrs Adetutu and Mr Okiki their invaluable assistance was much appreciated. Once again, thank you all.

Finally, I am thankful to my brother (Adejuwon Oluwaferanmi), friends (Dr. Amedu Anthony, Onochie Cynthia, Damola, Adeyemo Olanrewaju), and other well-wishers for their support, encouragement, and patience throughout the many years it took to complete this thesis. I am always grateful for their love, belief, and endless support.

Despite the fact that the aforementioned institutions and individuals assisted in the research process, I am solely responsible for any faults discovered in the work.

Abstract

The study reviewed the effect of audit quality and forensic accounting techniques on the value relevance of Accounting Information. The study specifically examined the effect of Audit quality on the book value of asset of selected oil and gas companies in Nigeria, the effect of audit quality on the market value of equity of selected oil and gas in Nigeria, the effect of audit quality on the earnings of selected oil and gas sectors in Nigeria. It also examined the moderating effect of forensic accounting techniques on audit quality and the value relevance of selected oil and gas sectors in Nigeria. The study used the Agency and Ohlson theory. The study used the descriptive research design. The population of the study comprises all the directors and management staff of the listed oil and gas companies in the Nigeria Stock Exchange market. The total population is 171 staff. The total enumeration sampling technique was used as this is a type of purposive sampling technique that helps to examine the entire population. The study found out that there is a relationship between the variables of audit quality and the book value of selected oil and gas companies though it is moderate. It also revealed that there is a positive and significant relationship between the variables of audit quality and the Market Value of Equity. The results of multiple regression analysis for the effect of audit quality on earnings shows that the coefficient of determinant is moderate. This shows that there is also a positive and significant effect on the earnings of oil and gas companies. However there is a positive but insignificant moderating effect of forensic accounting techniques and its interaction between audit quality and value relevance of accounting information of selected oil and gas companies in Nigeria. The study recommended that concentrated effort needs to be made in ensuring that auditors are well experienced and trained while ensuring that the audit process is been conducted in the most professional way as this will help to enhance the result that will be presented to the users of accounting information.

Keywords: Value Relevance, Audit Quality, Audit result, Market Value, Forensic Accounting Techniques

Word Count: 359

Table of Contents

Content	Page
Title Page	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of Contents	vi
List of Tables	ix
List of Figure	xi
List of Acronyms	xii
Chapter One: Introduction	
1.1 Background to the Study	1
1.2 Statement of the Problem	6
1.3 Aim and Objectives of the Study	9
1.4 Research Questions	10
1.5 Hypotheses	10
1.6 Significance of the Study	10
1.7 Scope of the Study	11
1.8 Limitation of the Study	12
1.9 Operationalization of Research Variables	13
1.10 Operational Definition of Terms	14
Endnotes	16
Chapter Two: Literature Review	18
2.1 Conceptual Review	18

2.1.1	Value Relevance	18
2.1.2	Importance of Value Relevance of Accounting Information	20
2.1.3	Measures of Value Relevance	25
2.1.3.1	Accounting Earnings	25
2.1.3.2	Book Value Equity (BVE) (Paid up share capital)	25
2.1.3.3	Market Value of Equity	26
2.1.3.4	Owners Contribution	26
2.1.3.5	Retained Earnings	26
2.1.3.6	Cash Flow from Operations	26
2.1.4	IFRS Adoption and Value Relevance of Accounting Information	27
2.1.5	Audit Quality	28
2.1.5.1	Audit	28
2.1.5.2	Audit Quality	29
2.1.5.3	The IAASB Framework for Audit Quality	30
2.1.5.4	Factors that contribute to audit quality	34
2.1.5.5	Audit Quality Indicators	36
2.1.5.6	Importance of Audit Quality to users of Financial Statement	42
2.1.5.7	Audit Quality Framework	44
2.1.6	Forensic Accounting	46
2.1.6.1	Branches of Forensic Accounting	49
2.1.6.2	Process of Fraud Investigation	50
2.1.6.3	Forensic Accounting Skill set	50
2.1.6.4	Stages in Forensic Accounting Engagement	52
2.1.6.5	Forensic Accounting Techniques	53

2.2	Theoretical Framework	54
2.2.1	Ohlson's Residual Income Valuation Model (RIVM)	54
2.2.2	Agency Theory	59
2.2.3	Fraud Triangle theory	65
2.3	Review of Empirical Studies	66
2.4	Conceptual Model	92
	Endnotes	93
	Chapter Three: Methodology	101
3.1	Research Design	101
3.2	Population of the Study	101
3.3	Sample and Sampling Techniques	102
3.4	Research Instrument	103
3.5	Validity of Research Instrument	103
3.6	Reliability of Research Instrument	104
3.7	Method of Data Collection	104
3.8	Methods of Data Analysis	104
	Endnotes	109
	Chapter Four: Results and Discussion of Findings	110
4.1	Demographic Data Analysis	110
4.1.1	Analysis of Questionnaire Distributed	110
4.1.2	Demographic Characteristic of Respondents	111
4.2	Presentation of Data	114
4.2.2	Descriptive Analysis of Audit Quality	115
4.2.3	Descriptive Analysis of Forensic Accounting Techniques	117

4.2.4	Test of Hypotheses	118
4.3	Discussion of Findings	150
4.3.1	Effect of Audit Quality on Book Value of Asset	150
4.3.2	Effect of Audit Quality on Market Value of Equity	151
4.3.3	Effect of Audit Quality on Earnings	151
4.3.4	Moderating Effect of Forensic Accounting Techniques on Audit Quality and Value Relevance	152
4.4	Restatement of Conceptual Model	153
	Endnotes	154
	Chapter Five: Conclusion	155
5.1	Summary of Findings	155
5.2	Conclusion	158
5.3	Recommendations	159
5.4	Contribution to Knowledge	161
5.5	Suggested Areas for Further Research	162
	Endnotes	164
	Bibliography	165
	Appendix	173
	Biodata	177
	The University Compliance Certification	179

List of Tables

Table	Title	Page
1	Measurement of Research Variable	14
3.1	Population Frame	99
3.2	Method of Data Analysis	102
4.1	Response Rate	108
4.12	Demographic Characteristics of Respondent	109
4.2.1	Descriptive Analysis of Value Relevance of Accounting Information	111
4.2.2	Descriptive Analysis of Audit Quality	112
4.2.3	Descriptive Analysis of Forensic Accounting Techniques	114
4.2.4	Factor Loading of Audit Quality and Book Value of Asset	115
4.2.5	Composite Reliability, Average Variance Extracted (AVE) and Discriminant Validity (Fornell-Lacker Criterion)	116
4.2.6	Cross Loading for Discriminant Validity	118
4.2.7	Discriminant Validity (Heterotriat-Monotriat-HTMT)	119

List of Figure

Figure	Title	Page
4.1	PLS Algorithm Model of Audit Quality and Book Value of Asset	122
4.2	Bootstrapping Model of the P-value Audit Quality and Book Value of Asset	122
4.3	Bootstrapping Model of the F-value Audit Quality and Book Value of Asset	123

Lead City University Ibadan DO NOT COPY

List of Acronyms

Abbreviation	Meaning
VR	Value Relevance
AQ	Audit Quality
AP	Audit Professional
Apr	Audit Process
AR	Audit Result
PCAOB	Public Company Accounting Oversight Board

Lead City University Ibadan DO NOT COPY

Chapter One

Introduction

1.1 Background to the study

One cannot overstate how crucial financial information is to the stakeholders of an organization as it helps the stakeholders to make informed decisions. Making informed choices vary from one category of stakeholders to another as different stakeholders use the financial information of an organization for different purposes. The information provided by an organization goes a long way in determining the perceived value of the company, therefore, the relationship between accounting information and market valuation represents vital knowledge for analysts and investors, especially under uncertainty regarding the quality of accounting information.

Generally, the financial information provided by the company to its shareholders should be prepared in a way that is free from errors, thereby enhancing the users' confidence to make informed decisions. The confidence of the stakeholders comes from knowing that the financial information presented is relevant and that it is prepared truly and fairly¹. A financial statement relevance depends on several factors such as its ability to reveal the financial worth and stand of the company, thereby helping stakeholders make informed decisions. The financial information is especially seen to be of relevance when it appropriately communicates to its stakeholders, the market value of its equity, the book value of the asset as well as earnings.

Over the years, several financial scandals have occurred in the oil and gas sector which has led to the loss of investment on the part of investors and this has also led to lack of trust on the part of other users of accounting information. These scandals ranging from the collapse of Enron Corporation (which had been involved in massive off- balance sheet financing

schemes, hiding debt and losses through special- purpose entities. Despite audited financial statements by Arthur Andersen, these off-the books liabilities were not adequately disclosed, leading to a major financial scandal when they were uncovered) to Tullow Oil (a UK-based oil and gas exploration and production company that faced several financial crises despite having audits conducted by reputable firms. In earlier reports, the company overstated its reserves and the future viability of some of its oil fields. Their debt became unsustainable and this led to a restructuring of its finances despite being audited by PricewaterhouseCoopers), Anadarko Petroleum (a U.S oil and gas company that despite the preparation of audited financial statements by Ernest and Young, faced significant challenges in dealing with environmental liabilities and debt) and PetroSA(a national oil company of south Africa despite its audited financial statement by Deloitte, faced severe financial mismanagement and operational challenges. The company struggled with poor investment decisions, especially in offshore exploration and its refining operations were financially unsustainable. The company also had significant debt exposure and corruption issues within its management structure) are several examples of oil and gas companies that filed for bankruptcy in the global space despite the annual presentation of an audited financial statement. Companies such as Oando, Seplat Energy, ExxonMobil Nigeria, TotalEnergies, and Chevron are Nigerian companies whose case underlines the limitations of financial statements in capturing long-term environmental, society, and regulatory risks. This shows the gap between audited financial statements and the external factors which may not be fully reflected in a company's audited financial statement but can significantly affect its performance and future outlook

The Oil and Gas industry is one major sector that greatly impacts the growth and stability of any economy². A report by the Nigerian Exchange Group revealed that the oil and gas index recorded the highest positive movement in the price of its shares among the other eight sectors in 2021. With the government's efforts, the oil and gas (O&G) industry has

maintained its position as the backbone of the Nigerian economy. Although it accounts for less than 10% of the nation's GDP, the industry produces roughly 65% of government revenue and 88% of Nigeria's foreign exchange revenues. It comes as no surprise that events in one area of the economy often affect others. As a result, stakeholders in the Nigerian economy must continue to follow changes in the oil and gas sector³.

The NGX Oil and Gas index comprises 54 listed companies in the sector out of which 8 companies are active traders⁴. Among the 5 major indices of the Nigerian Exchange Group (NGX), the NGX oil and Gas index recorded the highest positive movement to reflect a growth of 38.28% in the year 2021. The positive movement was based on the increase in share prices of companies such as Seplat PLC and Eterna PLC. For instance, a study concluded that the increase in the share price can lead to the investors' reaction in the annual reports. An increase of 10% was also noticed in the stock of Seplat and Eterna PIC, which was due to the increase in profit in its 2020 annual report⁵. This shows to what extent the information provided in the financial statement is of great essence to the stakeholders as it is being used to make strategic decisions. One of which is predicting future cash flows and earnings of a company. The importance of the information provided to the stakeholder of a company is termed Value Relevance of Accounting Information.

Value relevance is a subject of interest in accounting and finance study on a global scale spanning numerous nations and markets⁶. This is due to the fact that it helps investors to make informed decisions about the company's future performance. The accounting information supplied to stakeholders is relevant across continents before and after the adoption of the international Financial Reporting standard. The term "value relevance" reflects the ability of the reported accounting information to explain and summarize the market value of companies¹². Increased relevance means that investors' decisions are based more on the reported accounting information and therefore financial reports become more

useful for their users, who can make investment decisions based on reliable and audited information. More effective investment decisions are more necessary during crisis periods¹³. A study said that an accounting number is deemed to be value-relevant if it is significantly related to stock price¹⁵. A study conducted in Iran found that accounting information of companies with profitability, small companies, companies with stable high earnings, and companies with high growth rates is more valuable in the Tehran stock⁷. Evaluating the usefulness and informativeness of accounting measures for investors and analysts is important. The notion deals with the relationship between financial information and stock prices⁷. This scorecard (usually called a financial statement) is meant to help the stakeholders make informed decisions. A researcher from his point of view explained that apart from the need to measure the ability, effectiveness, and efficiency, the enterprise's management need to execute the objectives entrusted to them. The information provided by the financial report is also required by other individuals and entities for critical decision-making purposes⁸. Accounting and reporting are a powerful tool for owners and/or managers of companies to make adequate business decisions in terms of allocation of resources, determining the amount of financing required, and determining the financial performance of the organization.

The financial performance of the organization can be measured based on the quality of information gotten from its financial statement especially its earnings. The quality of the financial information received from the financial statement is seen in the ability of the financial statement to capture and summarize the value of the firm and this is known as value relevance. Relevance is one of the fundamental qualitative characteristics of a financial statement and it helps to define how helpful the accounting information is to financial decisions. A piece of accounting information is of relevance to a user if it influences his/her economic decisions. The cash flow from operations, retained earnings by the

organization, the market value of the equity, book value of asset, earning are part of the ways to measure how relevant a company's accounting information is to its shareholders⁹. Despite the knowledge of how important this statement is, several actions by individuals impede the stakeholder's ability to rely on the information provided in this statement. In addressing these hurdles, firms need to engage in activities that will help them to confirm the values represented in the financial report being presented and one way to do that is to engage in auditing which is the examination of financial records by experts to ensure its adherence with laid down standards. The audit exercise helps to ensure that the information being presented to shareholders is verified before it is presented to them. Several efforts are being put into place to ensure thorough examination by the auditors among which is putting the right people(audit professionals) in place, following the right audit process laid down to achieve the objective of a thorough examination and finally communicating in the form of a report the opinion of the auditors engaged in the audit exercise.

Despite the effort put in place to ensure the thorough examination of the financial information, the mis-information in the oil and gas sectors still persist and this is due to several reasons one of which is auditors perceived to act in the interest of one stakeholder at the detriment of another. A report by the Financial Times recorded how one of the big audit firms was slapped with a fine of more than 6.2 million dollars by the US Securities and Exchange Commission because it overvalued certain assets by more than 100 times.¹ The commission concluded that the shortcomings by the audit firms' meant investors were misinformed about the energy company's value¹⁰. The accounting information most of the time can be prepared in a way to suit a part of the stakeholder of a company thereby putting the other part in jeopardy of making a misinformed decision due to falsified information. The audit mechanism used is the initial step in preventing these infractions. In the economy, the auditor's position as an

overseer of the disclosure of information about a company's financial accounts is crucial. To strengthen the accuracy or reliability of the data needed to make economic decisions, there is a need for a third party to verify and declare that the reports are prepared in a way that is true and fair. The auditor's audit process verifies and lends credibility to the company's declarations. However recent studies have shown that auditing the financial statement of a company is not enough. All these are indicators to the fact that auditing is not enough, perhaps a stronger technique such as forensic accounting technique will help to enhance the credibility of the report given to the stakeholders. Forensic Accounting techniques are tools used in uncovering fraudulent activities. A study identified the skill set needed by forensic accountants among which are: good analytical skills, creative thinking skills, strong knowledge of a legal environment, unstructured problem-solving competence, investigative flexibility, analytical proficiency, and practical business experience¹¹. There are also techniques such as data mining techniques, Computer Assisted Tools, Trend Analysis, Ratio Analysis, and Expenditure trend approach which can be introduced in the examination of the financial statement by auditors, it will strengthen the audit process thereby improving the report given at the end of the audit report. Forensic accounting techniques will help examine how deep investigative techniques can improve the quality and relevance of financial information in the oil and gas industry. Therefore, this study aims to contribute to the literature on the value relevance of accounting information by examining the factors that influence the value relevance of accounting information in the oil and gas industry in Nigeria while exploring the efficacy of forensic accounting techniques and audit quality.

1.2 Statement of the Problem

The value relevance of accounting information has been a major challenge in the oil and gas industry due to the volatile nature of the sector. Fluctuating oil and gas prices, regulatory changes, and significant investments have made it difficult for investors and stakeholders to

assess the true financial performance and value-creation potential of companies in this industry. Volatile market conditions, regulatory changes, and significant investments characterize the oil and Gas industry. Issues ranging from revenue recognition and measurement to asset capitalization and depreciation to joint venture and production shared agreements to impairments of assets are all accounting issues encountered by companies in the upstream and mid-stream energy and this leads to loopholes while preparing the financial statements which some of the stakeholders take advantage of¹². The complexities of the industry and the lack of uniform accounting methods lead to variations in financial reporting, potentially impacting the reliability and relevance of the information. This raises the question of how the value relevance of accounting information can be improved to better serve the needs of the oil and gas industry stakeholders. A study highlighted the challenges in assessing the value relevance of accounting information in the oil and gas industry, noting that the unique risk factors and market conditions make it hard to accurately gauge the financial health and prospects of companies operating in this sector¹³. The researchers emphasized the need for more sophisticated accounting models and disclosure practices that can better capture the value drivers specific to the oil and gas industry. Furthermore, another study pointed out that the dynamic nature of the oil and gas industry, including the exploration and development of new reserves, as well as changing environmental and regulatory factors, has made it challenging to effectively communicate the value inherent in accounting information to investors and stakeholders. These studies underscore the complexity of assessing the value relevance of accounting information in the oil and gas industry and emphasize the need for tailored accounting practices and disclosure frameworks to address these challenges. The unique operational and financial characteristics of oil and gas companies influence the relationship between accounting information and market valuation. The significance of accounting data lies in its ability to influence consumers' judgments by providing insights

into past performance for forecasting future outcomes. Accounting plays a pivotal role in articulating a company's wealth, often showcased through financial statements. Given that financial reports serve as the primary source of externally accessible information for companies, there's a continual drive from standards setters and stock market regulators to enhance their quality. Consequently, there's a pressing need for studies on the relevance of financial statements. Value relevance research aims to determine whether accounting information in financial statements provides users, particularly investors, with valuable insights¹⁴. While extensive research exists on the connection between accounting information and stock market response in developed economies like the US, however there are gap in similar studies within developing nations¹⁵. Globally, the value relevance of accounting is paramount as listed companies utilize this data to communicate with investors and the public. Investors' responses to accounting data from reporting firms serve as indicators of the value relevance of metrics such as earnings, book value of equity, and book value of assets. It's imperative for financial statements to accurately reflect a company's financial realities to facilitate informed decision-making. Moreover, analysis of equity market liquidity positions relies on accounting information, often obtained from publicly available reports. Hence, timely disclosure of accounting information is crucial for investors in making investment decisions¹⁶. The effectiveness of auditing practices in assessing information quality is crucial for investors' perceptions of accounting information's value relevance. However, the increasing complexity of financial transactions and the emergence of sophisticated fraud schemes underscore the necessity to integrate forensic accounting techniques into audit procedures. Despite their potential to enhance the detection and prevention of financial irregularities, the extent to which forensic accounting techniques are effectively integrated into traditional auditing practices remains uncertain. This raises concerns regarding the adequacy of current audit methodologies in addressing modern-day financial challenges and

ensuring the integrity and reliability of financial information. Auditing plays a key role in enhancing the value relevance of accounting information for the oil and gas sector yet some gaps still hinders it's effectiveness. Research shows that while value relevance for earnings is significant, investors tend to place more emphasis on cash flows over earning within the industry due to earnings volatility and inconsistencies linked to market shifts such as fluctuating oil prices and regulatory changes. This suggests that standard accounting metrics do not always reflect the true financial health of these firms especially during industry restructuring. The prevalence of financial fraud and other crimes has raised doubts about the reliability of financial statements in the oil and gas sector. Despite the recognized importance of audit quality in financial reporting, there remains a gap in understanding its direct impact on the value relevance of accounting information. It is to this end that this stud explored the impact of audit quality on the value relevance of selected Oil and Gas companies in Nigeria using Forensic Accounting techniques as a moderating variable

1.3 Aim and Objectives of the Study

This study aims to investigate the effects of Audit Quality and Forensic Accounting Techniques, on the Value Relevance of Accounting Information of selected Oil and Gas companies in Nigeria. However, the specific objectives are to:

1. examine the effect of Audit Quality on the Book Value of Asset of selected Oil and Gas companies in Nigeria
2. examine the effect of the Audit Quality on the Market Value of Equity of selected Oil and Gas companies in Nigeria
3. analyze the effect of Audit Quality on the Earnings of selected Oil and Gas companies in Nigeria

4. assess the moderating effect of forensic accounting techniques on audit quality and value relevance of selected Oil and Gas companies in Nigeria

1.4 Research Questions

The following are the research questions to be evaluated:

1. in what way does Audit Quality affect the Book Value of Asset of selected Oil and Gas companies in Nigeria?
2. to what extent does the Audit Quality affect the Market Value of Asset of selected Oil and Gas companies in Nigeria?
3. how can Audit Quality affect the Earnings of selected Oil and Gas companies in Nigeria?
4. does Forensic Accounting Techniques have a moderating influence on audit quality and value relevance of financial information of selected Oil and Gas companies?

1.5 Hypotheses

The following Hypothesis will be tested:

H₀₁: There is no significant relationship between Audit Quality and the Book Value of Asset of selected Oil and Gas companies in Nigeria

H₀₂: There is no significant relationship between the Audit Quality and the Market Value of Asset of selected Oil and Gas companies in Nigeria

H₀₃: There is no significant relationship between Audit Quality and the Earnings of selected Oil and Gas companies in Nigeria

H₀₄: Forensic Accounting Techniques do not have a moderating influence on the impact of sustainable audit quality and value relevance of selected Oil and Gas companies in Nigeria

1.6 Significance of the Study

The research is significant to many stakeholders such as management, auditors, regulators, and researchers as it provides insights into the sustainability aspect of auditing and its effect on the value relevance of financial information. The study is relevant to the stakeholders of the oil and gas industry to allow them to know the importance of audit quality on the relevance of their accounting information. It also helps them to know the essence of engaging the techniques used in forensic Accounting while carrying out the audit exercises of their financial statement.

The study provides strategic information to the Board of Directors as it gives them adequate information relating to the activities carried out by the management team and how it will help also enhance their decision-making process on behalf of the organization. It is also significant to the management teams of the oil and gas sectors as they are involved in the decisions making process and execution of the conclusion made by the Board of Directors. This study will also be of essence to the shareholders (who expect a maximum return on the investment committed to their care) as it helps them boost their confidence in the report given to them by the board of directors. It is also of the essence to regulatory bodies as it helps them to understand the essence of encouraging companies to integrate forensic accounting techniques to the auditing process of an organization. Finally, the study helps the auditors to see the effect of adopting forensic accounting techniques during the audit process as this will help them to minimize their liability as an auditor.

1.7 Scope of the study

This study investigated the effect of Audit quality on the value relevance of accounting information of selected oil and gas companies in Nigeria, using forensic accounting techniques as a moderating variable. The study examined the impact of the Quality of Audit

Professionals, Audit process, and Audit results as measures of audit quality on the Book Value of Asset, Market Value of Asset, and Earnings of an Organisation. It also looked at the effect of Forensic Accounting Techniques such as Data Mining Techniques, Computer Assisted Tools, trend Analysis, Ratio Analysis and expenditure trend approach. The Forensic Accounting technique was used as a moderating variable in this study. The study focused on the oil and gas companies in Lagos and Abuja. The oil and Gas companies used are the ones involved in the upstream sector specifically those involved in the managerial responsibilities of the company. This is due to the fact that the head offices of these companies are located there. The study covers 8 oil and gas companies and it used all the directors and management teams from each company giving a total of 171 director and management staffs used. Other important members of staff were not involved as they were not directly involved in the strategic decision of the company

1.8 Limitation of the Study

Just like most research, this study has limitations that must be acknowledged to provide opportunities for further studies. The study was limited in the concepts that were used for the indicators of value relevance, audit quality and forensic accounting techniques. The study only covered variable such as Book Value of Asset, Market Value of Equity and Earnings for the Value Relevance of accounting information, Quality of Audit Professionals, Audit process and Audit reports were used for audit quality while Data Mining Techniques, Computer Assisted Tools, trend Analysis, Ratio Analysis and expenditure trend approach were used for forensic accounting as this study is mindful of the fact that several other factors can equally influence the value relevance of accounting information of the selected oil and gas companies.

The study was limited in terms of its geographical space as the study focused mainly on the oil and gas sectors using their head office in Lagos and Abuja state, Nigeria. In addition, the study was also limited to the management staff of the organization and the study also faced a challenge of research instruments not properly addressed by the respondents. Finally, the study was limited due to the unavailability of the directors and management staffs being examined as the access to them was not quite easy due to the nature of their job. Also, they were also skeptical of giving out information as they feel obligated to protect the image of their companies. Despite these limitations, the researcher was able to make 70% of the respondent to give accurate information and the researcher provides important conceptual, empirical, theoretical and practical implications for the management executives regarding the value relevance of accounting information and how the quality of audit and forensic accounting techniques can help to improve the quality of its financial statement while enhancing the perceived relevance of the value of their organization. In all the identified limitation of this study presents areas for further studies.

1.9 Operationalisation of the Research Variables

The variables of this study are classified into Three- Independent, Dependent and moderating variables. The Independent is Audit Quality (which is measured as Quality of Audit Professional, Audit Process and Audit Result), the dependent variable being Value Relevance (is measured by Market Value of Asset, Book Value of Asset and Earnings), and the moderating variable being Forensic Accounting Techniques (measured by Data Mining, Ratio Analysis, Computer Assisted Tools, Trend Analysis, Expenditure trend analysis).

Table 1: Measurement of Research Variable

The measurement of the dependent and independent variables and their acronyms are

Latent Variables	Sub-Variables	Acronyms
Dependent Variable(Y)= Value Relevance	Market Value of Asset	MVE
	Book Value of Asset	BE
	Earnings	EA
Independent Variable (X)= Audit Quality	Quality of Audit	QAP
	Professional	AP
	Audit Process	AR
	Audit Result	
Moderating Variable= Forensic Accounting Techniques	Data Mining	DM
	Computer Assisted Tools	CAT
	Trend Analysis	TA
	Ratio Analysis	RA
	Expenditure Trend approach	ETA

Source: Field Survey, 2024

1.10 Operational Definition of Terms

Accounting Information: This refers to the language through which the organization can communicate with the internal and external world to help them make informed financial decisions

Audit Quality: This refers to matters that contribute to the likelihood that the auditor will achieve the fundamental objective of obtaining reasonable assurance that the financial report as a whole is free of material misstatement and ensuring material deficiencies detected are addressed or communicated through the audit report

Audit Report: This is a document that contains the findings of an examination conducted by the auditor on the financial statement of an organisation.

Audit Process: These are the steps engage by the auditor while examining the books of an organization.

Board of Directors: These are the group of individuals a company appoints to direct and manage the affairs of a company on behalf of the shareholders.

Forensic Accounting: this is a specialized field of accounting that combines accounting, auditing and investigative skills to examine financial crimes and provide legal evidence.

Relevance: This refers to how helpful the information is for financial decision-making processes such as predicting and confirming the value of the firm and its stock

Value Relevance: This is the ability of the reported accounting information to explain and summarize the market value of companies.

Lead City University Ibadan DO NOT COPY

Endnotes

1. Misund, Bard, Frank Asche, and Petter Osmundsen. "Industry Upheaval and Valuation: Empirical Evidence from the International Oil and Gas Industry." **The International Journal of Accounting** 43, no. 4 2008 : 398–424.
2. DW Insight, *The Impact of oil price on the economy - DW insights, energy group.com* The Impact of Oil Price on the Economy | DW Energy Group_2021
3. Ajayi Wale. "Nigerian Oil and Gas Update." **KPMG Quarterly Newsletter**, FIRST edition April 2019 .
4. "Listed Companies Nigerian Exchange Limited," September 1, 2020. <https://ngxgroup.com/exchange/trade/equities/listed-companies/>.
5. Chidinma Anyalewechi. "NGX Oil and Gas Index Outperforms Other Major Market Indices - Nairametrics." **Nairametrics**, 2021. <https://nairametrics.com/2021/07/01/ngx-oil-and-gas-index-outperforms-other-major-market-indices/>.
6. Abdollahi, Ahmad, Yasser Rezaei Pitenoei, and Mehdi Safari Gerayli. "Auditor's Report, Auditor's Size and Value Relevance of Accounting Information." **Journal of Applied Accounting Research** 21,(4) July 1, 2020 : 721–739.
7. Mary E, Barth, Ken Li, and Charles G McClure, *Evolution in Value Relevance of Accounting Information, American Accounting Association*, **The Accounting Review** 98 (1), 2023.
8. Robu, Mihaela Alina. *The Level of Knowledge in the Value Relevance Literature CES Working Papers* 6, no. 4 2014 : 122–135.
9. Khuong, Nguyen Vinh, and Le Huu Tuan Anh. "The Mediating Mechanism of Earnings Management on the Relationship between Life Cycle and Financial Reporting Quality: Finding from MRA and FSQCA," **Business Strategy & Development** 5, no. 4 December 2022 : 375–389.
10. KPMG Slapped with \$6.2m Fine over Oil Company Audit Errors, **Financial Times**. <https://www.ft.com/content/0f0393de-81d9-11e7-a4ce-15b2513cb3ff>.
11. Godwin, Oyedokun. *Forensic Accounting Techniques and Fraud Investigation in Digital Age*, <https://www.slideshare.net/slideshow/forensic-accounting-techniques-and-fraud-investigation-in-digital-age-prof-godwin-oyedokun-pptx/269981733>.
12. W.Energy, *5 common Oil and Gas Accounting Issues Proposed Solutions*, 2024 <https://wenergysoftware.com/resources/insights/5-common-accounting-issues-oil-and-gas-industry-solutions>

13. Bao, Wei, Jun Yue, and Yulei Rao. “*A Deep Learning Framework for Financial Time Series Using Stacked Autoencoders and Long-Short Term Memory.*” **PloS one** 12, no. 7 2017 : e0180944.
14. Huu Anh Nguyen, *Accounting reform and Value relevance of financial reporting from non-financial listed firms on the Vietnam stock market*, **Cogent Business & Management**, 10 (2), 2023
15. Rahman, Jahidur Md, and Ruoling Liu. “*Value Relevance of Accounting Information and Stock Price Reaction: Empirical Evidence from China.*” **Available at SSRN 3851582** 2021. Accessed October 10, 2024. <https://www.ceeol.com/search/article-detail?id=938573>.
16. Hossain, Tarik. “The Value Relevance of Accounting Information and Its Impact on Stock Prices: A Study on Listed Pharmaceutical Companies at Dhaka Stock Exchange of Bangladesh.” **Journal of Asian Business Strategy** 11, no. 1 2021 : 1–9.
17. Ross Pounds, The Roles and Responsibilities of a Board of Directors, May 4, 2022 **Diligent**. <https://www.diligent.com/resources/blog/the-roles-and-responsibilities-of-a-board-of-directors>
18. Al-sasi, B. O., O. Taylan, and A. Demirbas. “*The Impact of Oil Price Volatility on Economic Growth.*” **Energy Sources, Part B: Economics, Planning, and Policy** 12, no. 10 October 3, 2017

Chapter Two

Literature Review

This chapter provides a detailed explanation of the concept used in this study, the theories, and the empirical findings of past research works. The chapter is classified into three main sections namely; conceptual, theoretical, and empirical review of the literature. This is important to provide a good understanding to the researcher and readers of the works done in existing studies concerning the variable under the study and help their examination. The conceptual review looked at the definitions and other features of each variable bearing cognizance as established by previous studies. The empirical review examined different methodologies employed by several studies and their findings. The theoretical framework covers a review of those theories and provides theoretical explanations and justification for the independent and dependent variables of this study. It also established the theory upon which the study is anchored. The chapter also explained the gaps in the literature reviewed with the conceptual and mathematical model.

2.1 Conceptual Review

This section focused on the definitions, characteristics, measurement, and other aspects of the concepts under study by different authors and scholars in the field of Value relevance, Audit quality, and Forensic Accounting Techniques

2.1.1 Value Relevance

Value relevance refers to the ability of financial information to affect investors' decision-making processes, particularly concerning the value of a company. It is the relevance of accounting figures to investors¹. It is the degree of association between financial statement items and stock prices. It refers to how well accounting information captures and summarizes

the firm's value. The relevance of accounting information has been a topic of interest in accounting and finance studies worldwide, given its crucial role in investors' decision-making processes. It helps to measure the statistical relationship between accounting figures and stock market values or returns. It helps investors to make informed decisions about buying, holding or selling of shares using the information given to them by the directors appointed by the shareholders of the companies. Value relevance refers to the ability of financial information to affect investors' decision-making processes, particularly in relation to the value of a company. The relevance of accounting information has been a topic of interest in accounting and finance studies worldwide, given its crucial role in investors' decision-making processes.

The term "accounting information" describes data and financial records that have been methodically gathered, arranged, and reported in conformity with accounting rules and principles. The system that a business uses to collect, store, manage, process, retrieve, and report its financial data is called an accounting information system (AIS)². Accounting Information System provides information that flows from the director of a firm to stakeholders (such as Managers, investors, creditors, and governmental organizations who represent just a few of the internal and external stakeholders who depend on information from accounting systems to make informed choices and examine the company's financial condition). This flow of information forms the basis for the decision-making of stakeholders as it offers a thorough picture of a company's performance and financial health. For an accounting information system to flow properly, it must involve several components which are: people, procedures and instructions, data, software IT Infrastructure and internal controls.

The accounting information of an entity is gotten from the published periodical financial reports of the company. These public periodicals are termed financial statements and are expected to be relevant, faithfully represented, comparable, verifiable, timely, and

comprehensible³. The purpose of value relevance research is to ascertain if accounting information found in financial statements provides users of such statements, particularly investors with valuable and useful information to make informed decisions⁴. Accounting information is considered value relevant if it influences users' investment decisions or helps them predict future cash flows or performance of a company. It provides relevant and reliable information that aids investors and other stakeholders in making informed decisions about buying, selling, or holding securities or in evaluating the financial performance and position of a company.

Value relevance of accounting information refers to the degree to which accounting information is relevant for decision-making purposes. In other words, it measures how useful the information provided in financial statements is for investors and other users in assessing the financial performance and position of a company.

2.1.2 Importance of Value Relevance of Accounting Information

The value relevance of accounting information is important for various reasons. Firstly, it helps investors and stakeholders understand the financial health and performance of a company, enabling them to estimate the future profitability and risks associated with investing in the company. This information helps them allocate their resources effectively and make informed decisions.

Also, value relevance is important for market efficiency as it helps investors and stakeholders to make informed decisions and contributes to the overall efficiency of capital markets. If accounting information is relevant and timely, it allows for fair and efficient pricing of securities in the market, reducing information asymmetry and promoting investor confidence and this, in turn, contributes to the overall efficiency of capital markets.

All over the world, the value relevance of accounting is motivated because listed companies use these data to communicate with investors and the public. The user's response to the accounting data provided by reporting firms in any period could be used to evaluate the value relevance of accounting metrics such as earnings, the book value of equity, and the book value of assets. The financial statement of a company must reflect a company's financial and economic realities for people to make informed choices. Analysis of the temporal liquidity positions of equity markets also requires the use of accounting information, such as the one

Researchers have been able to predict future financial performance and decision-making by examining the relationship between stock price and earnings to determine how accounting information affects share prices. The company's numerous financial reports and disclosures are the investors' main information sources. Businesses timely disclose a variety of accounting information for investors concerned about the performance and current state of the company. Following the receipt of this information, investors choose whether to buy, sell, or hold their investments⁵. Accounting data is essential when it is used to make judgments about investing in stock since it provides the basis for those decisions and helps investors maintain their confidence in the market. Consequently, this information is critical for both the firm and the investor as a whole⁶.

For investors, analyzing the variables that can affect stock prices will help them to make informed decisions regarding their stock investments, for investors to decide if they can profit from the shares they purchased, they need information⁷. The financial condition of companies is one of the major pieces of information that investors should know as this is a crucial instrument for assessing the overall performance of the business, including profitability, liquidity, operational effectiveness, and solvency⁸. This information helps keep a record of business transactions, facilitate management decision-making, communicate results, and meet

legal requirements⁹. This financial information most times can be gotten through the financial statement of a company. A company's financial statement is how it communicates its affairs to its stakeholders, which can be within the company (Internal users) or outside the company (external users). The Financial statement of a company is usually prepared to satisfy the users' information needs that will enable him/her in decision-making.

The Indonesian standardized accounting principles define a Financial statement as a structured presentation of an entity's financial position and performance¹⁰. A study stated financial statements as a media through which related parties to an entity communicate the financial performance of an organization¹¹. In communicating financial performance, the entities must give financial information with certain qualities and integrity and should not mislead their users¹². The purpose of financial statements is to provide useful information about the financial position, performance, cash flow, and changes in the equity of a firm. The financial information given to its users will not be misleading if the value presented is seen to be relevant. The usefulness of accounting information has been constantly expressed in the literature by the term "value relevance", which measures the efficacy of accounting figures from the viewpoint of equity valuation.

Value relevance refers to the extent to which financial information is related to the value of a company's stock or its future cash flows¹⁰. In other words, it measures the ability of accounting information to reflect the underlying value of a firm¹³. Value relevance reflects the main function of accounting, which relates to supplying useful information that enables investors to value securities and make rational decisions. The International Financial Reporting Standard (IFRS), states that a financial statement should have two main qualitative characteristics that should be met for it to succeed in its purpose. These characteristics are fundamental qualitative characteristics and enhancing qualitative characteristics. For the

IFRS conceptual framework, the fundamental qualitative characteristics of accounting information are relevance and faithful representation while the enhancing qualitative characteristics are comparability, verifiability, Timeliness, and understandability¹⁴. A study shows that accounting information is only relevant when users can evaluate past, present, or future events in taking economic decisions¹⁵. Accounting information can be relevant when they reflect information used by investors to appreciate the firm's value¹⁶. This is based on the assumption that financial information is capable of making a difference in the decisions made by users. Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.

Information may be capable of making a difference in a decision even if some users choose not to take advantage of it or already are aware of it from other sources¹⁷. A piece of information must faithfully represent the substance of what it purports to represent, and this is affected by the measurement of uncertainty. A piece of accounting information is said to be faithfully represented if it would have three characteristics. It would be complete, neutral, and free from error. A accounting information is said to be complete if it does not exclude any transaction, it is also said to be neutral if the degree to which information is free from bias and the degree to which information is free from error is brought to the bearest minimum. Of course, perfection is seldom, if ever, achievable. A piece of accounting information that is faithfully represented may be affected by measurement uncertainty, recognition inconsistency, presentation, and disclosure. The objective of the board of any organization is to maximize those qualities to the extent possible¹⁸.

The value relevance of financial information refers to the extent to which financial data is useful and influential in helping users make informed economic decisions. In other words, it measures the ability of financial information to impact the valuation of a company or affect the decisions of investors, creditors, and other stakeholders. A study defined Value relevance

as the ability of a financial statement to capture and summarize information that determines the value of a firm¹⁹. This concept dated as far back as the 1990s. It was an area within market-based accounting research²⁰. The term value relevance has been commonly used to refer to the extent to which investors consider accounting figures in financial statements in making equity investment decisions²¹. The study on the value relevance of accounting information is a field of financial accounting research whose results are widely published and gives direction to new research in the field²². The accounting numbers must be related to current company value for a piece of accounting information to be value relevant. Accounting information cannot be termed value relevant if there is no association between accounting numbers and company value. A study defines Value relevance as the ability of financial statement information to capture and summarize information that determines the firm's value. The study focuses on how accounting information is used in valuation and also how accounting information can explain the variation in stock prices over time and/or between companies¹¹.

Value relevance represents the association between the information impounded in the accounts and the information impounded by the market²³. A study defines value relevance from four perspectives, the predictive view, the information view, the fundamental analysis view, and the measurement view. The predictive view of value relevance posits that an accounting number is relevant if it can be used to predict future earnings, dividends, or future cash flows. The information view of value relevance sees value relevance as measured in terms of market reactions to new information. The fundamental analysis view of value relevance posits that accounting information is relevant in valuation if portfolios formed based on accounting information are associated with abnormal returns, and the measurement view of value relevance posits that accounting information is value relevant if it can capture or summarize information that affects equity values²⁴.

The evolution of accounting standards is one of the innovations that can influence the value relevance of financial statement figures and this is reflected in the dynamics of stock prices.⁵

The key to stock market survival is evolution and innovation among market participants and institutions⁵. Accounting information is considered to possess quality and value relevance if, when released, can cause stock price movements in a manner that reflects reality^{25, 26}.

2.1.3 Measures of Value Relevance

2.1.3.1 Accounting Earnings: The main purpose for the existence of any organization is to earn money which in turn results in a profit/loss. Earnings in accounting can be seen as what is remaining after the explicit cost of running the business has been deducted. It is also known as Net Income. Investors and financial analysts usually use earnings in accounting to evaluate the health of stocks listed on the exchange market. Because of the importance of the earnings management issue, it has been an area for extensive research to gain some insight into the ability of management, the motives, and the techniques used to manage or smoothen the behavior of earnings over time. On theoretical grounds, there is a consensus relying on the statement that auditing is one of the main factors affecting financial information's credibility.

2.1.3.2 Book Value Equity (BVE) (Paid up share capital): Book value is the value of an asset or a company as shown on its balance sheet. It is calculated by subtracting the accumulated depreciation from the original cost of the asset or by subtracting the total liabilities from the total assets of the company. Book value is an accounting measure that reflects the historical cost of an asset or a company, and it does not take into account changes in market conditions or other external factors.

This represents the fund that belongs to the equity shareholders. It is seen as a firm's or company's common equity which is the amount available that can be distributed among the

shareholders²⁷. It is calculated as the net amount remaining after the deduction of all the liabilities of the company from its total assets. It is available for distribution to the shareholders. The book value of equity helps draw a comparative analysis with the actual prevalent share price of the company. It is also of the essence to understand the financial health of a company as an increase in the book value of equity is a sign of positivity in the company. It is limited as it does not include intangible assets in its calculation.

2.1.3.3 Market Value of Equity: this is seen as the total value of a company decided by investors. It is the same as market capitalization²⁸. It changes as the stock price fluctuate and it is one of the main determinant of the value relevance of accounting information. It is calculated by multiplying the number of shares outstanding by the current share price. This comprises of two parts, the present value of future dividend and the risk premium

2.1.3.4 Owners Contribution

These are seen as the funds that are directly paid by the owners (shareholders) of the company to the company. It is the summation of the common stock that is issued at par and the additional paid-in capital that has been raised by a company

2.1.3.5 Retained Earnings

They are the cumulative earnings that have been added over time by the company. They are simply the profits made by the company withheld and not distributed to the shareholders as dividends but have been kept for some reasons. It technically belongs to the shareholders only that it has not been distributed

2.1.3.6 Cash flow from operations (CFO):

This is a section from a company's cash flow statement that represents the amount of cash a company generates from carrying out its operating activities over a period of time. It includes

generating revenue, paying expenses, and funding working capital. A study on the value relevance of banks' cash flows from operations revealed that banks' cash flows from operations are predictive of future earnings and cash flows. The study found that the banks' cash flows from operations are positively and significantly associated with share prices and their importance is dependent on the profitability, capital adequacy, and credit risk of the company. It suggested that banks' cash flows from operations provide useful information to investors in valuing banks' equity²⁹. A study assesses the correlation between cash flow growth and stock returns of a company and found that there is a strong correlation between cash flows and stock prices and this suggests that cash flow information is valuable³⁰.

2.1.4 IFRS Adoption and Value Relevance of Accounting Information

The International Financial Reporting Standards also help in how relevant a piece of financial information can be. A study on IFRS Adoption on value relevance and Risk relevance of Accounting Information among Indonesian Banks. The study found a decrease in the value relevance of financial assets and liabilities in the balance sheet of banks in Indonesia³¹. Another study on the impact of IFRS Adoption on Value Relevance of Accounting Information: The case of Sri Lanka used publicly available data in annual financial statements and Colombo stock exchange reports of all listed companies. The study found that the price value relevance of Sri Lanka firms; has increased and return there was a decrease in return value relevant when the IFRS was adopted. It also found out that the value relevance of the book value of equity increased while that of operating cashflow did not change and the value relevance of earnings decreased after IFRS adoption.

2.1.5 Audit Quality

2.1.5.1 Audit

An audit is a procedure conducted by an auditor to gather and evaluate evidence³⁴. It is the platform where a third party (an auditor) gives his opinion on the true state of the financial statement prepared by those charged with governance. It can also be defined as the degree to which the audit conforms to applicable auditing standards³⁵. The objective of an audit of financial statements is for the auditor to form an opinion on the financial statements based on having obtained sufficient appropriate audit evidence about whether the financial statements are free from material misstatement and to report in accordance with the auditor's findings³⁶. It is an unwelcome but necessary disruption in the activities of an organization. Due to this disruption, the time committed to it has to be worth it as the adage says whatever is worth doing at all is worth doing well. The objective of an audit of financial statements is for the auditor to form an opinion on the financial statements based on having obtained sufficient appropriate audit evidence about whether the financial statements are free from material misstatement and to report in accordance with the auditor's findings. A study emphasized on the fact that the imperfect information in an organization lays the foundation for the manifestation of information asymmetry and the reduction of this financial asymmetry is impossible unless a third party is introduced in the system (a financial auditor) to ensure the accuracy and the precision of the conveyed information. The issuance of a proficient, objective and independent opinion regarding the accuracy of the reported information on the financial position and performance of the company is expected to be performed by a third party called the auditor who must be recognized and agreed by all users

2.1.5.2 Audit Quality

Audit quality refers to the ability of an audit to provide accurate and reliable information about the financial statements of an organization. It is a critical aspect of the audit process that ensures the credibility of financial reporting and instills trust in the users of financial statements. One of the most common definitions of audit quality is the definition that de Angelo has provided. This author has defined audit quality as the “evaluation (inference) of the market” of the possibility that the auditor first discovers cases of material misstatement of the financial and accounting system of an employer, and also reports the discovery of material misstatement³⁷. Audit quality is defined as a widely accepted presumption that an auditor will be able to identify and point out a material breach (i.e., a false statement), after which he will notify the appropriate authority. Audit quality pertains to factors that increase the possibility of the auditor successfully achieving the primary objective of obtaining reasonable assurance that the financial report is not impacted by significant errors. An author defined it as meeting investors needs for independent and reliable audits and robust audit committee communications on financial statement, assurance about internal control and going concern warnings³⁸. Additionally, the auditor must ensure that any material deficiencies detected are reported in the audit report. The Government Accountability Office defines audit quality as one that is carried out in line with widely recognized auditing standards to give a reasonable level of assurance that the audited financial statements and related disclosures are presented in compliance with Generally Accepted Auditing Standards(GAAP)³⁹. This aids in supplying a reasonable assurance that the audited financial statements and associated disclosures are provided in conformity with Generally Accepted Accounting Principles (GAAP) and are not significantly misstatements due to fraud or mistakes. The report given by an auditor at the end of an audit exercise is important as this will go a long way in the way the company is perceived by its users, so therefore the process

of concluding has to be systematically done in a way that will be reliable. In situations where a company receives various audit quality notes where auditors have raised several questions relating to various controls and audit procedures, this would severely affect the integrity of the company and compel many stakeholders to determine their future relationships with the company⁴⁰. So the opinion of an auditor goes a long way in making a company or otherwise.

2.1.5.3 The International Auditing and Assurance Standard Board (IAASB) Framework for Audit Quality

The International Auditing and Assurance Standards Board (IAASB) is an independent standard body that issues standards, like the international standards on auditing, international standards on quality management and other services to support the International auditing of financial statements and to deepen the relationship with stakeholders to achieve globally relevant progressive and operable standards⁴¹. The IAASB is most directly involved in supporting audit quality of financial reporting around the world through its international standards on Auditing (ISAs) and international Standard on Quality Control (ISQC) and has issued a framework for audit quality that encompasses the key elements that create an environment that maximizes the possibility of quality audits being performed consistently⁴².

The International Auditing and Assurance Standards Board gave 5 key elements for the audit quality framework and they are Inputs, Processes, Outputs, Interactions, and Contextual Factors⁴⁷. The framework is explained as follows:

Inputs: This covers auditors exhibiting appropriate values, ethics, and attributes that are influenced by the culture of a firm. It also involves being sufficiently knowledgeable, skilled, and experienced and having sufficient time allocated to them to perform the audit work. These apply to the engagement, firm, and national levels. It considers the leverage on the audit engagement by expressing the number of partner/ directors hours as a percentage of the

total number of hours, the number of hours per full-time equivalent spent on an audit engagement, respectively on other engagements in total and by function, the investments in technology and methodology for the benefits of the audit conducted by the audit firm, whether independently or through its contribution to the development as part of a network. These are basically the effort the auditors put into ensuring the audit exercise is properly done. Quality audits involve auditors exhibiting appropriate values, ethics, and attitudes. It also includes auditors who are sufficiently knowledgeable, skilled, and experienced and have sufficient time allocated to perform the audit work.

Process: Here, quality audits involve auditors applying a rigorous audit process and quality control procedures that comply with laws, regulations, and applicable standards. It also considers the effects of these regulations on the audit quality.

Outputs: These include reports and information that are formally prepared and presented by one party to another, as well as outputs that arise from the auditing process that are generally not visible to those outside the audited organization. Providing useful and timely reports; and interacting appropriately with relevant stakeholders. A quality audit involves auditors putting inputs such as exhibiting appropriate values, ethics, and attitudes. It also ensures auditors are sufficiently knowledgeable, skilled, and experienced and have sufficient time allocated to them to perform the audit work, it involves auditors applying a rigorous audit process and quality control procedures that comply with laws, regulations, and applicable standards. These usually result in outputs that are useful and timely which are described in relation to the full reporting supply chain and include outputs from the auditor, the audit firm, the entity, and audit regulators.

This includes reports and information that are formally prepared for audit. Quality audits result in outputs that are useful and timely. They have described the full reporting supply

chain and include outputs from the auditor, audit firm, entity, and audit regulators. It includes reports and information that are formally prepared and presented by one party to another, as well as outputs that arise from the auditing process that is generally not visible to those outside the audited organizations

Interaction: This covers the formal and informal interaction between the stakeholders and the context which may influence those interactions. While the primary responsibility for performing quality audits rests with auditors, audit quality is best achieved in an environment where there is support from other participants in the financial reporting supply chain. Each stakeholder plays an important role in supporting high-quality financial reporting and how they interact may impact audit quality. Increased interaction is promoted in the Framework for Audit Quality. Support from stakeholders like management, regulators, those charged with governance, and the users themselves is needed for the required audit quality. This involves the ability of auditors to get support from other participants in the financial reporting supply chain. The participant ranges from those charged with governance to managers, regulators, and other users of the audited report. Each stakeholder plays an important role in supporting high-quality financial reporting and how they interact may impact the audit quality even though the primary responsibility of performing a quality audit lies solely with the auditor

Contextual Factors

This includes several environmental factors that might affect audit quality. Collectively, the contextual factors – have the potential to impact the nature and quality of financial reporting and, directly or indirectly, audit quality Where appropriate, auditors respond to these factors when determining how best to obtain sufficient appropriate audit evidence. The contextual Factors range from applicable financial reporting framework to corporate governance to

information systems, to broader cultural factors, to financial reporting timetable, attracting talent, litigation environment, audit regulation, business practices, and commercial law, laws and regulations relating to financial reporting. These have the potential to impact the nature and quality of financial reporting and directly or indirectly audit quality. The factors include applicable financial framework corporate governance, information systems, broader cultural factors, financial timetable, attracting talent, litigation environment, audit regulation, business practices and commercial law, laws and regulations relating to financial reporting. Where appropriate, auditors respond to these factors when determining how best to obtain sufficient appropriate audit evidence.

The UK Financial Reporting Council of Nigeria gave 5 audit quality frameworks which are audit firm culture, skills and personal qualities of partners and staff, the effectiveness of audit process, reliability and usefulness of audit reporting, and factors outside the control of auditors⁴³. Delivering high quality is of much importance now especially now that the COVID-19 pandemic has affected economies across the globe. The EY Global Audit Quality Report examined the value, trust, talent, and data of an audit. The value and trust spoke about the reason for an audit while the talent and data spoke about how the audit should be done. Ernest and young global gave six sustainable audit quality which is expected to help them serve the public right these sustainable audit qualities are Tone at the top, Exceptional talent, Audit technology and digital, Simplification and Innovation, enablement and quality support, and Accountability⁴⁴. It is believed that all the sustainable audit qualities are geared towards serving the public interest which will in turn help them to make informed decisions.

A study by Australia Security and Investment Commission, (Improving and maintaining audit quality ASIC) shows that: Audit quality refers to matters that contribute to the likelihood that the auditor will, achieve the fundamental objective of obtaining reasonable assurance that the financial report as a whole is free of material misstatement; and ensure material deficiencies

detected are addressed or communicated through the audit report. Directors are responsible for the quality of the financial report – which is supported by the quality of the audit – so it is in the interests of directors and audit committees to support the audit process. This includes ensuring that management produces quality financial information on a timely basis and that the audit is appropriately resourced. (Improving and maintaining audit quality | ASIC)

One of the things that makes the financial statement of a company to be relevant is the quality of the financial reporting. The financial reporting quality of a company impacts how relevant it will be to its users and the things that improve the quality of a financial statement are the way it is presented using the relevant standards and the quality of its examination (audit quality). Studies have shown that Although several advanced market countries are subject to a decrease in financial reporting quality, strong legal structures and regulatory bodies help to mitigate the adverse effects^{45, 46}.

2.1.5.4 Factors that contribute to audit quality

The following are the factors that contribute to the quality of an audit:

1. **Auditors Independence:** Auditor's independence refers to an independent working style of the auditor being unbiased, unfettered, uninfluenced, and being fully objective in performing audit responsibilities⁴⁸. It is the state of having a free mind to do tasks without being impacted. It refers to the impartiality and objectivity of an auditor in conducting an audit, free from conflicts of interest and bias. It is the ability of the person conducting an audit to do autonomously and with integrity. Auditors must maintain independence from the organizations they audit to ensure unbiased and objective reporting. This helps prevent any conflicts of interest that may compromise the integrity of the audit. For an auditor to be independent, Familiarity threats, self review threat, self interest threat, Intimidation threat, Advocacy threat, must be reduced to the minimum level.

2. **Competence:** Auditors should possess the necessary knowledge, skills, and experience to effectively perform the audit. They must understand the relevant accounting and auditing standards and have the ability to apply them appropriately.

3. **Professional Skepticism:** Auditors are expected to exercise professional skepticism by questioning the information provided by management and critically assessing the evidence gathered during the audit. This helps to identify any potential misstatements or irregularities.

4. **Ethical behavior:** Auditors are expected to adhere to a code of ethics that guides their professional conduct. This includes maintaining confidentiality, avoiding conflicts of interest, and acting with integrity and objectivity.

5. **Quality control procedures:** Audit firms should have robust quality control procedures in place to monitor and ensure the quality of their audit engagements. These procedures include engagement-level quality reviews, recruitment and training of auditors, and ongoing performance evaluations.

6. **Regulatory oversight:** Regulatory bodies, such as the Public Company Accounting Oversight Board (PCAOB) in the United States, play a crucial role in monitoring and enforcing audit quality. They establish and enforce standards of practice, conduct inspections of audit firms, and impose disciplinary measures when necessary.

High-quality audits provide users of financial statements with confidence in the reliability of the information presented. This, in turn, helps investors, creditors, and other stakeholders make informed decisions based on the financial statements. It also contributes to the overall integrity of financial markets and promotes trust in the auditing profession.

2.1.5.5 Audit Quality Indicators

The term 'audit quality indicators' has been used by various stakeholder groups, including the PCAOB, the U.S. Department of the Treasury's Advisory Committee on the Auditing Profession, the International Auditing and Assurance Standards Board (IAASB), audit committees, and the audit profession, to describe a way to assess the quality of an audit. However, depending on the stakeholder, the meaning and purpose of an AQI may differ.

Audit Quality indicators are of importance as it provide additional perspective on the key elements of a firm's system of quality control as it applies to a particular audit, and could be useful to further an audit committee's understanding of matters that may contribute to the performance of a quality audit. For instance, a set of AQIs could promote robust discussions about an audit firm's ability to support and perform quality audits. They may also assist audit committees in better understanding the audit firm's policies, procedures, and processes related to its system of quality control. Additionally, a set of AQIs may provide audit committees insight into the engagement team's performance. A set of AQIs may also assist audit committees in better understanding the risks to audit quality that may exist on the audit, which could allow for more robust discussions about the audit firm's plan to manage such risk. a set of indicators, taken as a whole, may provide those overseeing the audit with information and additional transparency into the systems and processes that underlie the performance of an audit. Several indicators have been given b several bodies among which are:

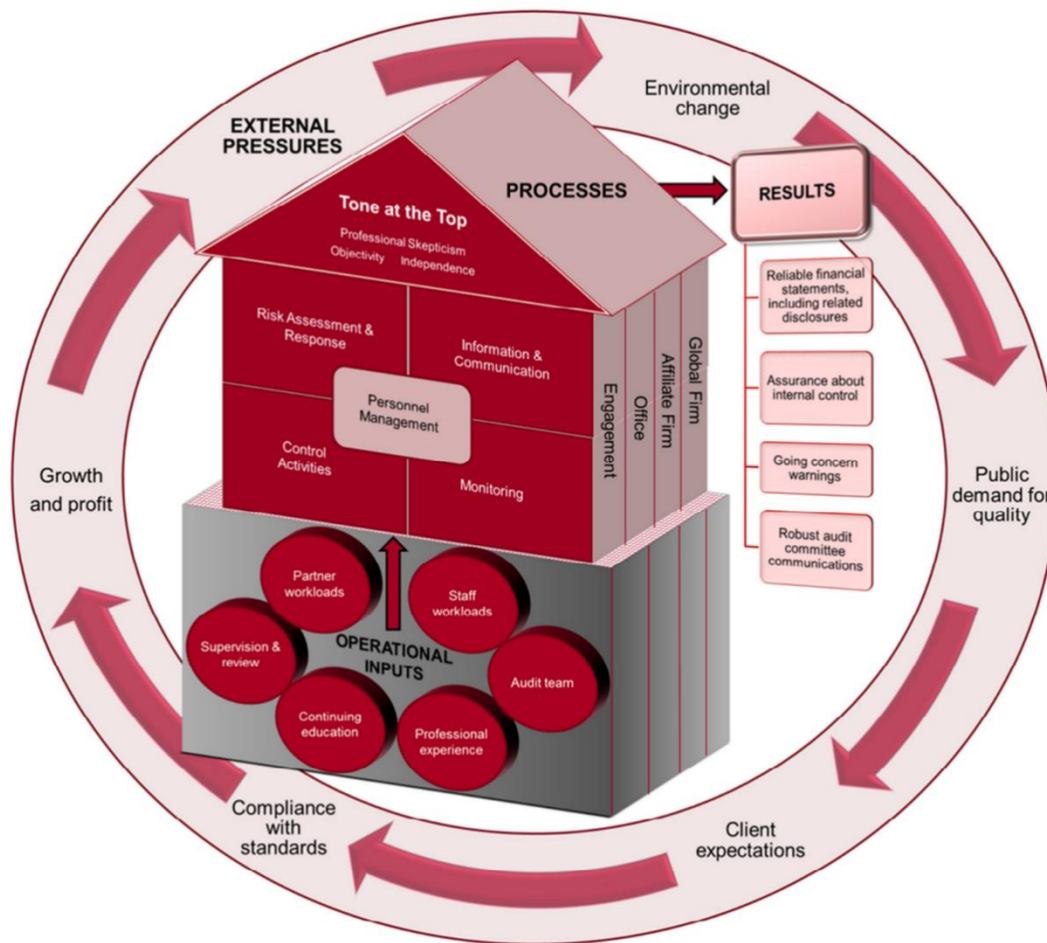
The Center for Audit Quality identified 4 matters that are most relevant to an audit committee's oversight responsibilities as the indicators for audit quality and they are:

1. Form Leadership and tone at the top: The audit firm's leadership, through its tone at the top, emphasizes the importance of audit quality, adherence to professional

standards, independence and objectivity, and holds itself accountable for the effectiveness of the audit firm's system of quality control.

2. Engagement team knowledge, experience and workload: Professional staff are knowledgeable, experienced, and have sufficient time to perform quality audits
3. Monitoring: Processes and controls are in place to assess audit engagement performance and the sufficiency of the audit firm's system of quality control and make any necessary changes.
4. Auditor Reporting: Reports are reliable, useful, and timely; auditor communications are effective.

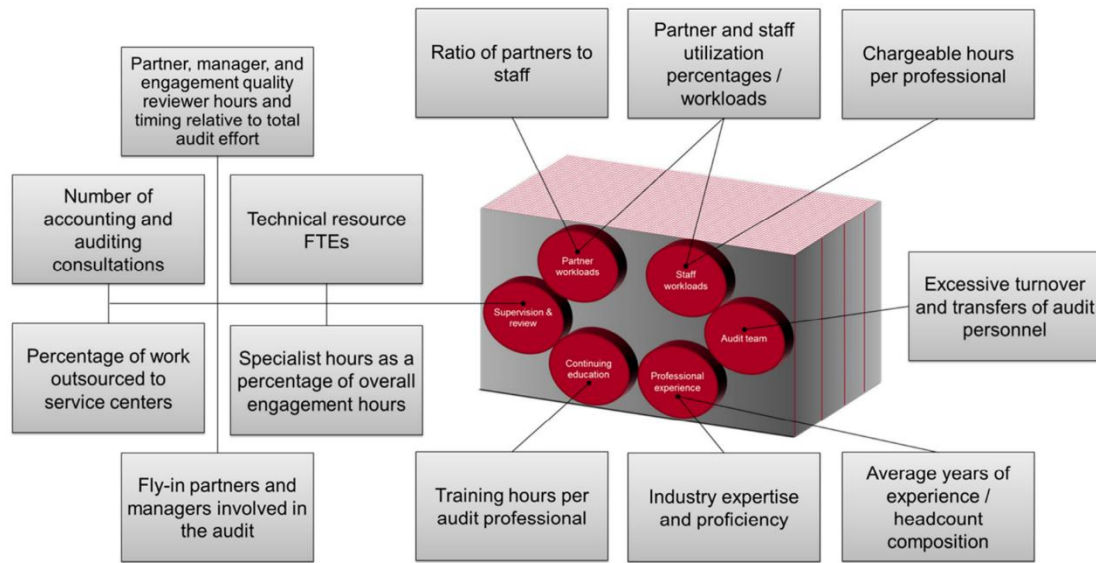
The Public Company Accounting Oversight Board (PCAOB) in 2012 identified a project to develop audit quality measures as a priority for 2013 with a longer-term goal of tracking such measures with respect to domestic global network firms and reporting collective measures over time. The goal is to inform the regulatory processes and policy-making with additional insight into the status and trends of audit quality, possibly provide audit committees, investors, management, audit firms, other regulators, and the public with AQIs, provide insight into quality audits for their decisions and policy-making; provide firms with additional incentives to compete based on audit quality. The PCAOB provided a list of 28 potential AQIs in its concept release. The intention is that AQIs should be used as a balanced portfolio of audit quality. The indicators of audit quality as given by PCAOB are Audit Operational Inputs, Audit Process, and Audit Results.



Source: PCAOB 2013

Audit Operational Inputs: This segment includes six elements, each related to the competent and talented individuals who are essential for the audit quality. These are; partner workloads, staff workloads, supervision and review, continuing education, professional experience, and the audit team. These are the knowledge and experience of key engagement team members. This generally consists of inputs that integrate various dimensions of the “people” factor. This includes the availability, competence, and focus of the audit professionals. It involves the team members' years of engagement, years of industry experience relevant to the audit engagement, years with the audit firm, and years at the present level. This also includes the audit firm training requirements.

Exhibit 2: Possible Audit Quality Indicators Related To Operational Inputs



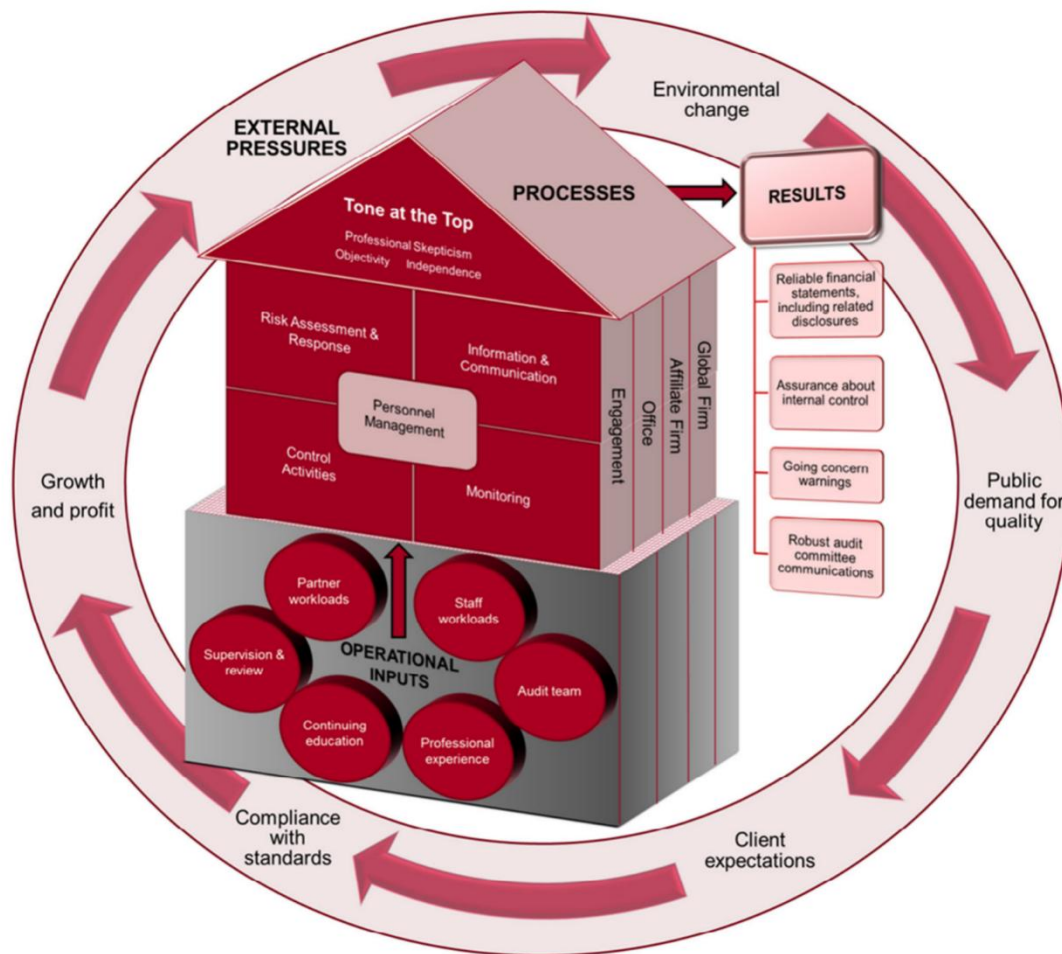
Source: PCAOB 2013

Professional Experience: This is the experience that have been gathered over the years in the chosen field/ area of expertise⁴⁹. Professional training and academic education are critical ingredients in the formation of human capita It is the proficiency and effectiveness in doing the tasks associated with a particular professional expertise. It basically means having a history of employment in an area of expertise. This is acquired over a given period or years. The quality of the audit performed is usually dependent on the level of experience of the auditor. The resource-based view of firms concluded that resources that are valuable, unique, and difficult to imitate can provide a basis for firms' competitive advantage. As a professional organization, audit firms utilize human capital as an important input factor to gain competitive advantage and as a critical element to improve operating performance. Therefore, auditors are required to be equipped with professional training, work experience, and academic education in accounting and auditing. Professional training plays an important role in upgrading audit quality

A study investigated the relationship between the length of an audit partner's experience as a certified public accountant and audit quality. It examined if audit partners' audit experience is not significantly associated with audit quality. It also investigated if the Non-Big 4 audit partners' audit experience is more significantly associated with audit quality than that of different audit partners the findings suggested that an audit partner experience is positively associated with audit quality among non-Big 4 auditors which highlights the need to implement more intense and organized training programs for less experienced audit partners in non-Big 4 audit firms⁵⁰. A study examines whether a positive association exists between higher academic qualifications and the operating performance of audit firms and if a positive association exists between professional training and the operating performance of audit firms. It also considered the moderating effect of professional training on the association between the higher academic qualification of auditors and the performance of audit firms⁵¹.

Continuing Education: It is defined as “a program of classes for adult students offered by a college, university, etc. on a part-time basis, as for updating knowledge and skills in a professional field.” While it is sometimes referred to as professional development for certain industries, continuing education is the most widely used phrase It is expected of auditors to constantly add to the knowledge gap as this is to help the auditors to be as effective on the job as possible. With continuing education, they can focus on professional development that helps them utilize best practices and enhance the quality of their report. Auditors are expected to have an in-depth training when expected to conduct an audit assignment that is not related to their field of expertise⁵². A study on continuing professional education and audit quality: evidence from an emerging market examined the association between the amount of continuing professional education hours per staff and audit quality in terms of discretionary accruals and audit opinion. The study showed that CPE hours significantly influence the quality of audits.

Audit Process: These are the guidelines the auditors will follow while carrying out the exercise. This includes the tone at the top and leadership (This shows the overview of how the audit firm’s leadership, through its tone at the top, emphasizes audit quality and holds itself accountable for the audit firm’s system of quality control), incentives, independence, infrastructure, monitoring and remediation.

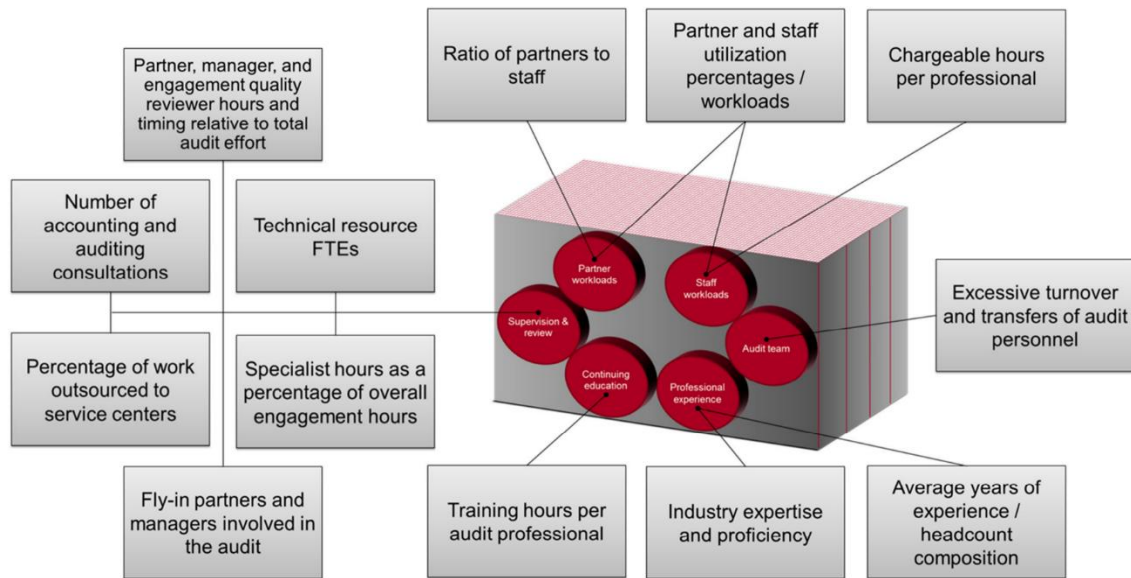


Source: PCAOB 2013

Audit Results: this is also known as the audit report. It is the formal opinion or disclaimer thereof issued by either an internal auditor or an independent external auditor as a result of an audit exercise carried out in order for the user to make decisions based on the result of the audit. This is a means by which the audit opinion is being transmitted to the users (especially

the shareholders) of the financial statement. This includes the financial statements, internal control, going concern, communications between auditors and audit committee, enforcement and litigation.

Exhibit 2: Possible Audit Quality Indicators Related To Operational Inputs



Source: PCAOB 2013

2.1.5.6 Importance of Audit Quality to Users of Financial Statement

A study on audit quality, a literature overview and research synthesis explained the concerns and expectations of each stakeholder from the financial and operational performance of audited financial statements and these are:

Creditors: These group of stakeholders make their lending decisions when they overview the audited financial statements of their clients. For example, if a company’s audit quality is below its benchmark for extending a loan or credit facility. When a company receives a qualified audit opinion, this unequivocally represents that the company has failed to meet its financial goals. And when a company is unable to perform effectively, this means it is highly

likely that the company would not be able to avoid the problem of liquidity crisis or working capital challenges.

Therefore, for a creditor, it would seriously affect the ability of their client to timely pay back their debt since the company is experiencing the effects of liquidity shortage, the chances of bankruptcy cannot be ruled out. Therefore, audit quality is important for creditors.

Shareholders: these are the owners of the companies and the confidence they have in the company is dependent on the quality of the audit carried out by the auditors which is expressed in the form of the auditor's opinion. Shareholders confidence is also reliant on audit quality. Directors retain an agency relationship with their shareholders as the former is legally and ethically bound to make informed business decisions that maximize the shareholder's wealth both on a short and long-term basis. In other words, it would not be cool to forfeit the benefit of the future all because of the benefit to be enjoyed at the moment

If an audit firm issues an unqualified audit report, this would reflect the audit quality of that company's financial statements. As a result, shareholders would be in a position to retain their level of trust in their director's ability to increase the wealth of their shareholders which most times are expressed in financial terms and verified by the auditor.

Regulators: Several professional bodies and authors have identified several measures that they feel can enhance the quality of an audit report. The Australian Securities and Investments Commission suggested increasing partner time spent on engagements and with engagement teams, developing a strong culture focused on audit quality with accountability at all levels of partners and staff, greater education of directors and management of audited entities to improve financial reporting quality and support the audit process⁵³.

The IAASB defined audit quality as the key elements that create an environment that maximizes the likelihood that quality audits are performed consistently. It also states that audit quality is best achieved in an environment where there is support from and appropriate

interactions among participants in the financial reporting supply chain. It further gave a framework for audit quality which are inputs, processes, outputs, interactions, and contextual factors⁵⁴.

2.1.5.7 Audit Quality Framework

Internationally, there has been an increasing emphasis by regulators, investors, and audit firms to develop a framework that defines and measures Audit Qualities. Despite the global effort, AQI initiatives are extremely diverse, and a uniform framework is nowhere in sight. As the push to measure and define audit quality intensified, numerous developments have led to initiatives and proposals being issued worldwide. The United Kingdom's Financial Reporting Council (FRC), the Netherlands's Institute of Chartered Accountants, the Canadian Public Accountability Board, the Chartered Accountants of Australia and New Zealand, the Accounting and Corporate Regulatory Authority of Singapore, and the Federal Audit Oversight Authority in Switzerland have all led the way in AQI initiatives. The FRC began discussing the importance of defining AQ in its report, Promoting Audit Quality, and approached the issue by identifying the key elements that separate a high-quality audit from a low-quality audit. According to the FRC, the five main drivers of AQ are firm culture, the skill of audit personnel, audit effectiveness, the usefulness and reliability of audit reporting, and factors that auditors cannot control. The FRC also identified the importance of and possible threats to, each driver of audit quality⁵⁵. In February 2008, the FRC released its AQI framework to complement the existing guidelines and regulations. The framework was created to enhance the dialogue between auditors, audit committees, financial statement preparers, and investors regarding audit quality. It intends to help companies evaluate audit proposals, aid audit committees in assessing the effectiveness of an audit, increase transparency for stakeholders, help ensure high-quality audits are being performed, and help regulators monitor the audit profession⁵⁶.

Following the release of the framework by the FRC, the Policy and Reputation Group of the FRC identified key factors that contribute to audit quality. Such key factors are measurable and can be disclosed in one of four categories: external investigations; AQ monitoring; funds dedicated to software and staff; and internal and external survey results⁵⁷. Six of the largest firms in the United Kingdom voluntarily agreed to report these factors and disclose the qualitative and quantitative information in their annual transparency reports. The initiative has had great success and, according to the FRC, audit reports better describe the audit processes used to achieve high-quality audits⁴⁷. The FRC claims that the reports have been extremely helpful and informative for readers and the disclosures will greatly help increase the public confidence in the audit profession.

Another AQI framework by the Accounting and Corporate Regulatory Authority of Singapore through its Practice Monitoring Program, the ACRA was able to identify key factors that led to poor quality audits⁵⁸. The main drivers of poor-quality audits include inadequate time spent by managers and audit partners and a lack of dedicated resources. Based on its findings, ACRA set out to indicate what could define a quality audit. In collaboration with audit firms and audit committees, ACRA developed and published its voluntary AQI framework, which became available to audit committees in Singapore as of January 2016.

The framework is broken down into the following eight different indicators that are communicated both at the engagement and the firm levels: Audit hours; Experience; Training; Inspection; Independence; Quality control; Staff oversight; and Attrition rate. The AQIs are designed to work collectively and they were chosen based on two principles: the information should be presented as quantitative data so it can be easily compared by audit committees; and the report should contain a mix of engagement level and firm level indicators. The engagement level indicators provide information that is more relevant to audit committees

and firm-level indicators help audit committees get an understanding of the audit firm's overall commitment to quality assurance measures. Following the release of the framework, ACRA published guidelines to help audit firms with preparation and to help audit committees with the interpretation of AQI data⁵⁹. The Federation of European Accountants suggested that organizations worldwide work together to create a set of AQIs and put forward twelve indicators as against the indicators previously celebrated by the PCAOB⁶⁰. These indicators have 3 major subheadings which are Availability, Competence, and Focus. The Federation further broke these indicators down into staff leverage, Partner workload, manager and staff workload, technical accounting and auditing resources, a person with specialized skill and knowledge, the experience of audit personnel, industry expertise of audit personnel, turnover of audit personnel, amount of audit work centralized service centers, training hours per audit professional, audit hours and risk areas, allocation of audit hours to phases of the audit. A review by the PCAOB indicated that the audit quality indicators put in place by the Federation of European Accountants can be used as a template and the global accounting industry can help in moving toward a globalized set of AQI standards and a unified global framework for AQI reporting would be the most effective in making the audit process fully transparent and comparable⁶¹.

The U.K financial reporting council highlights five fundamental essentials for identifying the strength of audit quality and these are audit firm culture, skills and personal qualities of partners and staff, the effectiveness of the audit process, reliability and usefulness of audit reporting, and factors outside the control of auditors.

2.1.6 Forensic Accounting

The increasing rate of financial crisis traced to financial misstatement has continued to erode the good will of organizations in terms of loss of public trust and confidence of the investor⁶². Hence, there is a need to look beyond the compliance requirement of the conventional

accounting to launch a deep investigation into the financial books, records and data to come up with evidences tenable in the court of law to uncover fraud.

Accounting is more than just maintaining financial transactions and generating reports. It is also an accountant's responsibility to ensure that there is no fraud or malpractice in the accounting process. Whether internal or external, the auditing process is to verify if the company is following the accounting standards and to identify any accounting malpractices. When any form of financial misappropriation has been detected, the company usually takes appropriate legal action. Forensic accounting is the investigation of the accounts to gather evidence and proof of the alleged misappropriation. The results of forensic accounting are usually submitted to a court of law or the relevant authorities as evidence of the fraud. The company's owners may also call in a forensic accountant to investigate a case of accounting misappropriation. It is a field of accounting that delve deep into financial statements, audits and transactions to in ravel irregularities, discrepancies and fraudulent activities⁶³.

Forensic accounting, also called investigative accountings, is a merger of forensic science and accounting⁶⁴. It is the integration of accounting, auditing and investigative skills and can be described as a field that deals with possible illegal and fraudulent financial transactions⁶⁵. It combines accounting, auditing and investigative skills to find evidence of fraud for legal proceedings⁶⁶. Forensic accounting emerged in response to the high rate of fraud incidence. Forensic accounting, forensic accountancy or financial forensics is the specialty practice area of accountancy, which describes the engagement that result from the actual or anticipated disputes or litigation⁶⁷. Forensic accounting is the link, which connects the conventional accounting system to the legal system and can suitably provide a support system for fraud uncovering and prosecution⁶⁸.

Forensic accounting is a specialized field of accounting that involves the use of accounting, auditing, and investigative skills to uncover fraud, financial mismanagement, and other financial wrongdoing. Forensic accountants are trained to identify and document financial evidence, analyze financial information, and communicate their findings in a clear and concise manner.

Forensic accounting can be used in a variety of contexts, including litigation, insurance claims, and criminal investigations. Forensic accountants may be called upon to investigate financial fraud or embezzlement, trace funds in cases of money laundering, or provide expert witness testimony in legal proceedings.

Forensic accountants often work closely with law enforcement agencies, lawyers, and other professionals to gather evidence and build cases. They may also work for accounting firms, private companies, or government agencies. Due to the specialized nature of their work, forensic accountants typically have extensive training in accounting, auditing, and investigative techniques, as well as knowledge of relevant laws and regulations.

Forensic Accounting is a specialized field that accounting, auditing and investigative skills to analyze financial information for legal purposes. To find fraud, discover financial irregularities and gather evidence for legal actions. This entails the employment of numerous approaches and methodologies. Forensic Accounting involves implementing various measures to effectively carry out investigations and prevent financial misconduct. These measures are designed to uncover fraud, analyze financial data, and provide reliable evidence for legal proceedings. Here are some important measures of forensic accounting: Fraud Assessment, Internal Controls evaluation, forensic data analytics, document examination, and digital forensics. Some common forensic accounting techniques are financial statement analysis, transaction reconstruction, asset tracing, data analysis, interviewing and

interrogation, due diligence, expert witness testimonies, fraud investigation, compliance and anti-fraud program. In many different legal, regulatory and dispute contexts, forensic accounting plays a significant role in revealing financial fraud, facilitating legal process, and providing expert financial analysis.

2.1.6.1 Branches of Forensic Accounting

Fraud Examination

Fraud examination is the process of investigating suspected fraudulent activity to gather evidence that can be used in legal proceedings. Fraud examination typically involves a thorough review of financial records, interviews with individuals involved in the suspected fraud, and the use of specialized techniques such as forensic accounting and data analysis to identify patterns and anomalies.

The goal of fraud examination is to uncover evidence that can be used to prosecute individuals or organizations that have engaged in fraudulent activity. This can include embezzlement, theft, financial statement fraud, and other types of economic crimes.

Fraud examination is often conducted by professionals such as forensic accountants, auditors, and investigators, who have specialized training and expertise in uncovering fraud. The results of a fraud examination can be used by law enforcement agencies, regulatory bodies, and other organizations to take legal action and prevent future instances of fraud.

Fraud Investigation

Fraud investigation is the gathering of evidence and information to determine whether fraud has occurred, and if so, to identify the individuals or organizations responsible. Fraud investigation is typically conducted after fraud has been suspected or reported, and may be carried out by law enforcement agencies, regulatory bodies, or private investigators.

2.1.7.2 Process of Fraud Investigation

The process of fraud investigation typically involves:

- 1. Gathering evidence:** Investigators will collect evidence such as financial records, emails, and other documents that may be relevant to the suspected fraud.
- 2. Interviewing witnesses:** Investigators will interview individuals who may have information about the suspected fraud, including employees, customers, and vendors.
- 3. Analyzing data:** Investigators may use specialized techniques such as data analysis and forensic accounting to identify patterns or anomalies that may indicate fraudulent activity.
- 4. Reporting findings:** Investigators will compile their findings and present them in a report that may be used as evidence in legal proceedings.

The goal of fraud investigation is to determine whether fraud has occurred, identify the individuals or organizations responsible, and provide evidence that can be used to prosecute those responsible. Fraud investigation is an important tool in preventing future instances of fraud, as it helps to identify weaknesses in an organization's internal controls and processes that may have allowed the fraud to occur.

2.1.7.3 Forensic Accounting Skill Set

Forensic accounting is a specialist field that combines accounting, auditing, and investigative skills to investigate issues relating to financial fraud, financial misconduct, and other financial irregularities. A study gave 4 techniques of forensic accounting techniques which are fraud prevention, detection, deterrence skills (FPDDS), Forensic audit, investigation, and interviewing skills (FAIIS), litigation, mediation, and arbitration skills (LMAS), and Computer-assisted reviews and document reviews (CARDR)

The skill set required for successful forensic accounting work includes:

- 1. Accounting and auditing skills:** Forensic accountants need to have a solid foundation in accounting and auditing principles, practices, and procedures. They should be comfortable with accounting software and be proficient in bookkeeping.
- 2. Investigative skills:** Forensic accountants should be able to conduct investigations with the aid of forensic tools and methodology. They assess whether fraud has occurred and use their investigative skills to help the business mitigate future risks and prevent any losses.
- 3. Analytical and problem-solving skills:** They must possess exceptional analytical skills to analyze and interpret complex financial data. These skills make it easier to identify patterns and trends that can help with investigations.
- 4. Communication skills:** Forensic accountants must be effective communicators to explain their findings clearly and concisely to a non-financial audience.
- 5. Legal knowledge:** Focused knowledge and understanding of the legal system help forensic accountants to appreciate how evidence can be used in court.
- 6. Ethical standards:** Forensic accountants are required to maintain high ethical standards to ensure that investigations and reports are free from bias.
- 7. Tech-savvy:** Forensic accountants need to be tech-savvy and have knowledge of data analytics tools and techniques.
- 8. Attention to detail:** A forensic accountant must be diligent about finding errors and discrepancies in financial records to get to the root of the problem and recover missing assets.

9. Data Mining: this makes use of application software in detecting fraud as it has scripting capabilities and can search organizations' databases for anomalies and suspicious patterns that are symptoms of fraud.

10. Risk management: Strong risk-management skills are required to anticipate and prevent fraudulent activities within the firm.

A successful forensic accountant combines these skill sets to discover evidence of fraudulent activities, present professional reports, and provide recommendations for fraud prevention to businesses and government agencies.

2.1.6.4 Stages in Forensic Accounting Engagement

Forensic accounting engagement involves several stages, including:

1. Planning: This involves understanding the scope of the engagement, identifying potential issues and risks, and developing a plan of action.

2. Investigation: This stage involves gathering and analyzing relevant data and evidence to support or refute allegations or suspicions.

3. Analysis: This stage involves reviewing the information gathered during the investigation and using specialized forensic accounting techniques to uncover any potential fraud or financial irregularities.

4. Reporting: This involves preparing a report detailing the findings of the investigation and any recommendations for corrective action.

5. Testifying: If required, the final stage involves providing expert witness testimony in court or other legal proceedings based on the findings of the investigation.

2.1.6.5 Forensic Accounting Techniques:

Fraudulent Financial Reporting, Asset misappropriation, Money Laundering, Bribery and corruption are part of several financial crimes covered by Forensic Accountants, however these organizations don't have to wait till these crimes are committed, auditors can inculcate the techniques used in forensic accounting to enhance the process of auditing thereby improving the value of the audit report. These are several techniques used in. the main techniques used in Forensic Accounting are:

Data Mining techniques: This makes use of application software in detecting fraud as it has scripting capabilities and can search organizations' databases for anomalies and suspicious patterns that are symptoms of fraud.

Computer assisted Tools: This is the practice of using computers to automate the IT audit processes. CAATs normally include using basic office productivity software such as spreadsheets, word processors and text editing programs and more advanced software packages involving use statistical analysis and business intelligence tools. It allows auditors to test for specific risks. It helps with analytical tests, Data analysis reports, continuous monitoring and curb stoning in survey. It is used to test and conclude on the integrity of a client's computer based system. A study concluded that the adoption of technologies in auditing is considered an important factor for efficiency increasing and effectiveness of auditing work⁶⁹.

Trend Analysis: This is the analysis of changes in an account over time. Trend analysis evaluates an organization's financial information over a period of time. Periods may be measured in months, quarters, or years, depending on the circumstances. The goal is to calculate and analyze the amount change and percent change from one period to the next.

Ratio Analysis/ Financial Statement Analysis:

At the heart of forensic accounting lies the meticulous analysis of financial statements and one of the ways this is done is through Ratio Analysis. They scrutinize these financial documents for anomalies, inconsistencies and trends that may signal fraudulent activities or financial misrepresentation. Financial Statement analysis is not a cursory glance at numbers. It's an in-depth exploration of financial data involving ratio analysis, trend analysis, and horizontal and vertical analysis. Through their trained eyes, revenue manipulations, inflated assets, hidden liabilities, or suspicious transactions come to light. This analysis forms the cornerstone of their investigations, guiding them toward the truth behind the figures. A study concluded that firms should invest more in training workshops on big data analytics, hiring more data scientists or data engineers, and equipping internal audit units with the information technology infrastructure⁷⁰.

Expenditure Approach: These are tools used to assess whether budget expenditure trends match the priorities, requirements and cost estimates. The expenditure approach involves the use of the expenditure disclosed in the accounting information. This approach assumes that every expenditure must have its respective source and if this has not been included in the income disclosed.

2.2 Theoretical Framework

The theories reviewed in this study are: Ohlson's Theory of value, Agency Theory and Fraud diamond theory

2.2.1 Ohlson's Residual Income Valuation Model (RIVM): This theory states that under certain conditions share price can be expressed as a weighted average of book value and earnings.

The Ohlson model, commonly referred to as Ohlson's Residual Income Model, is a framework for evaluating the value and applicability of financial data. It was developed by James Ohlson, an accounting professor, in the late 1990s. According to the Ohlson model, a company's equity value is determined by the present value of its estimated future residual income. The income that is left over after deducting the cost of equity capital from a company's net income is known as residual income. The model presupposes that investors are mostly interested in the stream of residual revenue a company will produce in the future. The Ohlson model presumes that future residual income is what motivates investors to value a company, the predicted future abnormal earnings, which represent the departure from typical profitability, are a function of the current book value of equity and the future residual income, a steady state develops over time as abnormal earnings gradually return to normal, investors use their needed rate of return or cost of equity capital to discount future residual income. The Ohlson model often involves assumptions regarding future earnings growth rates, the length of the transitional period to reach the steady state, and the appropriate discount rate to determine the present value of future residual income. In empirical research, the Ohlson model is frequently used to evaluate the value relevance of accounting data, including earnings, book value of equity, and other financial statement variables. Researchers can analyze the capacity of financial information to explain the market value of companies and determine its significance for investors by contrasting the model's predictions with real market values.

Although the Ohlson model has gained popularity and is regularly used in empirical research, it is not without critics. Some significant opponents of the Ohlson model include: The Ohlson model makes several simplifying assumptions, such as the notion that out-of-the-ordinary earnings will eventually return to normal. According to detractors, these presumptions might not hold in practice, which would result in incorrect valuation assessments, also to use the

Ohlson model, it is necessary to estimate several factors, including the transitional period's duration and future earnings growth rates. These estimations, according to their detractors, may be arbitrary and vague, which could produce incorrect appraisal findings. The Ohlson model mainly concentrates on accounting factors and presupposes that investors' valuation is only influenced by the anticipation of future residual income. The approach, according to its detractors, ignores other crucial market variables that can have a big impact on stock prices, including investor sentiment, macroeconomic conditions, and industry trends. It makes the unrealistic assumption that investors have complete knowledge and behave rationally. The model's assumptions, according to critics, may be false since investors may make poor decisions due to incomplete information, behavioral biases, or institutional restraints. The Ohlson model mainly concentrates on financial statement variables, such as earnings and book value of equity, and may not fully capture the value of non-financial factors, such as intangible assets, brand value, and management quality, which can also affect a company's valuation. Because the Ohlson model is static, it does not take into consideration how the company's circumstances or market conditions have changed over time.

Criticism claims that the Ohlson model is a static method of valuing companies that do not take into consideration alterations in the business's circumstances or the state of the market over time. Critics contend that a dynamic viewpoint that takes into account shifting expectations, risk considerations, and other elements would offer a framework for valuation that is more accurate.

It's critical to remember that these criticisms point out potential weaknesses and places for development rather than completely invalidating the Ohlson model. Alternative valuation models that address some of these issues and offer a more thorough understanding of the value relevance of financial information are still being developed by researchers and

practitioners. The Ohlson model has gotten a lot of support and is widely accepted by academics and professionals in the accounting and finance fields. The Ohlson model is based on the logical notion that the value of equity is determined by the anticipated future residual income. The model is theoretically appealing and logical because this idea is in line with the core idea that investors are interested in the future cash flows created by a company. The Ohlson model has been backed up by numerous empirical research. These studies have shown how well the model performs when compared to other valuation models, such as price-earnings ratios and book-to-market ratios, and how well it can explain changes in stock prices. The Ohlson model's legitimacy and dependability are bolstered by empirical data. The Ohlson model concentrates on accounting variables, such as earnings and book value of equity, which are seen as crucial indicators of a company's financial performance. Supporters claim that investors utilize these variables' useful information to evaluate the prospects of the company and decide its worth. It can be expanded and adjusted to take into account new factors and factors. To improve the model's forecasting ability and relevance in diverse contexts, researchers have investigated a variety of adjustments, such as integrating industry-specific features, macroeconomic indicators, and non-financial information. The Ohlson model offers a framework for calculating the intrinsic value of a company's equity. This makes it useful for valuation and financial analysis. The fair value accounting process, financial research, and investment decision-making can all benefit from this valuation methodology. Supporters contend that the model is a useful tool for evaluating a company's financial performance and prospects due to its focus on future residual revenue and connection to financial statement variables. The Ohlson model has been used in a variety of contexts, including financial reporting, equity research, and equity valuation. To evaluate the value relevance of financial information, spot mispriced stocks, and make wise investment choices, analysts, investors, and accounting professionals have all used it.

Overall, the Ohlson model has gained acceptance because of its clear conceptual structure, empirical data demonstrating its predictive potential, capacity to capture information content, adaptability for valuation, and applicability in the field. These elements have aided in its widespread adoption and application in both academic and real-world situations.

The Ohlson model has a lot to do with the accounting and financial idea of value relevance. Value relevance describes how well financial data, like earnings, book value of equity, and other accounting variables, can explain and affect a company's market value. The assessment of the value relevance of financial information in stock valuation is the focus of the Ohlson model.

By including financial statement variables, notably the anticipated future residual income, the Ohlson model offers a framework for estimating the value of a company's stock. The approach aids in assessing the degree to which accounting variables are pertinent in evaluating a company's market value by connecting financial data to equity valuation. By placing a strong emphasis on residual income, the model acknowledges the significance of earnings beyond the current period and captures value created above the cost of capital. The importance of accounting data that shows a company's profitability and possible future cash flows is highlighted by this.

To determine the importance of accounting variables in terms of value, empirical research using the Ohlson model has looked at the relationship between stock prices and accounting variables. Researchers have looked into how much the differences in market prices may be explained by earnings, book value of equity, and other financial statement factors. These studies add to our knowledge of the value relevance of financial reporting by shedding light on the relative significance of various accounting information in determining stock valuation.

The Ohlson model has also been used to evaluate how accounting rules and policies affect value relevance. Researchers can assess the relevance and efficiency of accounting regulations in delivering relevant information for investors and stakeholders by examining changes in financial reporting requirements and their influence on the model's predictions.

In conclusion, the Ohlson model has a lot to do with value relevance since it offers a framework for assessing how accounting information affects stock valuation. The model aids in assessing the value relevance of financial reporting and the significance of accounting information in determining a company's market value by combining financial statement factors and predicting the value of future residual income.

2.2.2 Agency Theory

Agency theory views a company as a web of contracts. It assumes the existence of several interest groups in a firm (such as shareholders, bankers, suppliers, customers, employees etc). These individual groups have the interest to pursue and protect. According to their specific interest, they make some form of contribution to the firm in return for a given price. Management task as expected is to coordinate the groups and related contracts ensuring that optimization is realized. For instance, management would need to pay high dividends; haggle to pay low-interest rate; purchased supplies at low cost; charge moderate prices on goods and pay competitive wages to employees. The theory tries to describe a relationship where one party (principal) delegates work to another (the agent). It is concerned with resolving problems in relationships bothering on conflict of interest and risk-sharing were given the divergence of risk attitudes of different parties. Agency Theory examines scenarios in which one party, known as the agent, makes decisions or takes actions on behalf of another party, referred to as the principal⁷¹. It also depicts agency relationships in a contract where one or more principals engage another person or group of persons as their agent to perform

service on their behalf. The theory also assumes separation of ownership from control and provides an opportunity where parties in the relationship strive to maximize their utilities which tend to create a high level of probability which forces the agent to decide or choose to act in his interest as against the principal interest resulting in a conflict of interest problems. An audit is considered relevant in these circumstances because it is perceived to meet the expectations of stakeholders. However, auditors are not only appointed in the interest of third parties but also in the interest of management. The theory is associated with conflict of interest between shareholders and management of firms, which suggest that a less informed party (shareholders) will demand information that monitors the behaviour of well-informed firms' management. The audit of financial reports is one form of such information, that would provide shareholders with independent assurance about the activities and development in the firm. Agency relationships are fraught with several problems which audit tends to mitigate as a control mechanism associated with some forms of costs, such as monitoring costs (cost of monitoring the agent), bonding costs (costs incurred by agents for ensuring that he/she do not take adverse actions against the principal(s) and residual loss (losses that occur despite the monitoring and bonding costs). Apart from the information asymmetry problem associated with agency theory, there is also risk sharing. Risk-sharing appears to be a noticeable and escapable problem in an agency relationship. This happens because agents may have different risk attitude from that of their principals in the contracting process. The process creates some costs which are capable of impacting negatively the principals' interest and further enhance the agent interest. A dilemma situation ensues in the process which can be mitigated by engaging in a monitoring process that goes with some level of costs. Such monitoring costs cover the cost of principals, ensuring that accounting systems and financial statements are subjected to external audits. Agents on the other hand equally incur contracting cost in the form of external financial reporting and internal controls. The theory is found to provide a

theoretical foundation for accounting and auditing. It illuminates the framework for greater understanding and explanation of the behaviour of business actors. This is particularly so because a company (firm) is viewed as a network of contracts upon which the agency theory was developed. This account for why the theory is important for examining the use of information for contracting purposes and how such information provided can be used to persuade managers to act in the interest of owners. The theory documented in the extant literature has two strands: the positive agency theory and the principal-agent theory. Each of the theories has its specific focus and what it portends to explain. The positivist aspect focuses exclusively on the relationship between the owner and manager of public companies identifies situations where there is a tendency of a divergence of interests and describes the possible instruments to apply in limiting the opportunistic behavior of agents. Such includes the option of setting up incentives for agents and limiting the conflicting activities of agents by establishing of control mechanisms to forestall conflict of interests. The principal-agent theory concentrates more on modelling the general relationship that exists between the principal and agent. It represents the trade-off between the cost of measuring the agent's behaviour and the cost of measuring outcomes cum transferring risk to agents. The nature of the principal-agent aspect is more mathematically oriented in comparison with the positive strand of the theory. This feature confers an advantage on it and makes it more easily possible to observe relationships between several actors such as employees-employers, creditors-shareholders, managers-creditors, government-taxpayers, shareholders-bond holders and buyer-supplier relationships. It is also used to explain the supply side of the audit market where audit contribution to third parties is concerned with the determination by the probability that errors, irregularities and fraud would be detected in the financial statements by the appointed auditor and has the willingness to report them even when it is against the wish of management. The observable underlying assumptions of the agency theory can be

summarised as follows: The efficiency of the principal and agent relationship is impacted by individualistic and opportunistic interest held by both party. The relationship is worsened by incomplete information and uncertainty. As such the principal elects to monitor the agent behaviour. This achieved by offering incentives to the agent through employment contracts that seek to align the agent interest with that of the principality. It is about a trade-off between risk and returns by the principal which in turn play a significant role in identifying optimal contracts in varying situations of uncertainty and risk preference.

Agency theory is viewed from a different perspective in the extant literature. It is considered to be in the information economics literature when it was adopted in accounting research in the 1970s and 1980s. A study opined that agency theory in the early 1960s and 1970s broaden the risk-sharing literature. This made the existing literature focused on the risk-sharing problems which arose because of the different attitudes towards risk by the cooperating parties that are expected to work together in an organization. In the cooperation one party (the owner of the organization) delegates decision-making responsibility to another. From this background, the theory tends to provide an additional prism on how two or more parties with different goals and division of labour may behave. Managers who are one of the parties are no longer seen to be in the passive reactor to information systems but behave with self-interest that maybe prejudicial to owners interest. Therefore giving due recognition to the role of accounting information in organizational decision making, agency theory appears clearly to have provided a framework that can be deployed to predict managerial and organisational behaviour which has continually attracted accounting researchers' interest up to the present day. The authors made a theoretical premise of the principal-agent relationship interms of a metaphor of a contract in modeling the optimal outcomes of the relationship. Firms are seen as legal fiction which describes a nexus for a set of contracting relationships among different individuals. The contracting relationship gave impetus which ordinarily

elevated the importance of effective and efficient employment of contracts in trying to align the agent's behaviour with that of the principal. The design of such employment contracts led to issues of self-interest and risk preference, the organization (goal conflict among members), and information acquisition (availability and cost of acquiring information). The theory has indeed enabled accounting researchers to identify the efficiency of behaviour-oriented contract (salaries and organizational position) as against the outcome-based contract (commission and stock option) under a given set of assumptions. It has also made it possible for models to be developed for the theory. The modelling proceeds first by making a compensation contract with the agent which specifies the performance measures the agent compensation is judged. This is followed by the agent's decision to choose a vector of actions to carry out the contract terms. This includes engaging in operating decisions, financing decisions and investment decisions. The actions of the agent in the decision areas may not be fully observed by the principal and this brings about the attachment of the stochastic term to the agent output. While it is assumed that events beyond the agent control may occur and are likely to affect the output. As such both the principal and agent are expected to assume a certain level of risk. However, the greater the amount of risk assumed by the agent, the higher would be his/her compensation. It is this risk preference of the agent that results in adverse selection and moral hazard issues that may pose a serious problem by way of increased risk to the owner's investment in the organization. Apart from the modelling feature of agency theory, one most commonly held belief about agency theory is that it is situated in the economic model of man. A study contend that the theory is grounded in the Resourceful, Evaluative, Maximizing Model (REMM) This according to them closely replicate human action, and the economic model of man is just a simplified version that does not reflect the spectrum of human behaviour. However, the increased adoption of agency theory has continued to be on the rise as witnessed in the 1980s. This was necessitated most especially

when companies began to replace the known corporate logic of managerial capitalism with a growing perception that managers are agents of firms' shareholders. In summary, agency theory in the eyes of the modern corporation could be viewed in the context of effects and prescriptions as it relates to the separation of ownership & control, nexus of contract; conflict of interest, moral hazard & agency Costs arising from the effect of separation of ownership from control, and monitoring and incentives as the prescription, where managers are the agents and shareholders are the owners of the business.

This theory seeks to explain the relationships and interactions between different parties within an organization, particularly the principal-agent relationship. The theory primarily focuses on situations where one party (the principal) delegates decision-making authority to another party (the agent) to act on their behalf and the potential conflicts of interest that may arise between their respective goals and motivations. This theory focuses on the relationship between the principal (shareholders) and the agent (management) in a company. It suggests that audit quality is influenced by the alignment of interests between shareholders and auditors. When auditors act independently and diligently, they can reduce information asymmetry and agency conflicts, thereby enhancing audit quality. The principal delegates decision-making authority to the agent, who is expected to act in the best interests of the principal. One of the key challenges in the principal-agent relationship is information asymmetry, where the agent possesses more information than the principal. This information gap can lead to situations where the agent may exploit their information advantage for personal gain, potentially to the detriment of the principal. The differing interests and motivations of principals and agents can lead to conflicts of interest. Agents may prioritize their interests over those of the principal, leading to behaviors that are not aligned with the principal's objectives. Principals use various mechanisms to monitor and control agents, ensuring that agents act in ways that align with the principal's interests. These mechanisms

can include performance measurement, incentive systems, reporting, auditing, and contractual agreements. Agents may have different levels of risk aversion and utility functions compared to principals. This can impact their decision-making behavior, as agents may prioritize minimizing their risk over maximizing the principal's objectives.

Agency theory suggests that aligning the incentives of managers with the interests of shareholders can lead to better decision-making and more accurate financial reporting. Incentive systems that tie executive compensation to performance metrics can encourage managers to provide accurate and value-relevant financial information. Effective monitoring and auditing mechanisms, as proposed by agency theory, can enhance the credibility of financial statements. Auditors act as independent third parties who verify the accuracy of financial information, reducing information asymmetry and increasing the value relevance of financial statements. The value relevance of financial information can be observed through its impact on stock prices. When earnings or other financial metrics contain valuable information that influences investors' perceptions of a company's prospects, it leads to market reactions that reflect the value relevance of that information. Companies can improve value relevance by adopting transparent disclosure policies that provide relevant and timely information to investors. Effective communication of material events, risks, and financial performance can help reduce agency conflicts and enhance the value relevance of financial reporting.

2.2.3 Fraud triangle theory: This theory was developed by Donald Cressey, a criminologist, who explored the factor that leads individuals to commit fraud. The components of these theory are Pressure, Opportunity and Rationalization. Pressure is the motivation behind a fraud being committed in an organisation, while opportunity is the chance or opening that allows someone to carry out fraudulent acts while rationalization is

the ability to justify or rationalize fraudulent actions, making them seem acceptable to the individual. This theory guides forensic accountants in identifying and understanding fraudulent behaviour

2.3 Review of Empirical Studies

Accounting Information

A study on effect of Accounting Information Systems, teamwork and internal control on financial reporting timeliness analyzed the factors affecting the timeliness of cooperative financial reporting. It explained that the methods of measurement and accountability of financial statements must be timely, as it is critical information for making decision. Factors related to accounting information system problems such as timeliness of financial reporting, accounting information systems, teamwork, and internal control were identified in the study as a model. The method in this research is quantitative by taking survey data. The data were processed using SPSS 25, with a model test and partial test to produce a study to analyze the factors that affect the timeliness of cooperative financial reporting. The samples consisted of 60 cooperatives from the city of Tangerang, in Indonesia. The correspondents have published financial reports for each period of the current year and were a legal entity. Furthermore, primary data were collected by a questionnaire using a Likert scale and analyzed by multiple linear regression. The results showed that the Accounting Information System, Teamwork, and Internal Control had a positive and significant effect on the Timeliness of Financial Report Submission. Therefore, the cooperative that prepares financial reports in a timely manner has applied the principles of accountability and transparency⁷².

A researcher studied the effect of the quality of the accounting information system outputs on customer satisfaction in lebanese commercial banks. The study showed the effect of the quality of the accounting information system outputs on the satisfaction of Lebanese

commercial banks' customers. The quality characteristics of the following banking service were adopted: relevance, reliability, comparability, and consistency. To achieve the objective of the study, a questionnaire, previously adopted in the same field, was modified and adjusted to suit the Lebanese context. This was distributed to the sample of the study represented by the staff of the financial management department in the companies operating in Lebanon, which consist of 411 clients of the Lebanese commercial banks. The descriptive analytical approach was adopted to analyze the results using SPSS statistical program. The study found a statistically significant effect of the quality of the accounting information system outputs on customer satisfaction in Lebanese commercial banks. It was also found that the quality characteristics of banking service mentioned above have a significant impact on customer satisfaction. The study recommended that Lebanese banks should keep abreast of the developments of the accounting information system to improve the quality of the banking services provided to customers⁷³.

A study on User Competence and Business Digitalization For The Successful Performance Of The Financial Statements Quality financial reports are closely related to the level of knowledge, skills, experience and use of financial technology by the business. This study aims to examine the effect of user competence and the use of financial applications on quality financial reports. This research is motivated by the problem of SME actors who don't have financial competencies and still use conventional methods. Quantitative descriptive analysis is used to describe and test the effect of the research construct. The study population is 121 SMEs who are members of the West Java Indonesian Muslim Entrepreneurs Association (IPEMI). Sample size 98 SMEs which uses a simple random sampling technique. Structural Equation Modeling (SEM) with Partial Least Square (PLS) approach uses to answer research problems and examine the effect of research variables. Research shows user competence and the use of financial applications have a significant effect on the quality of financial reports.

Adequate knowledge, skills, and experience are proven to encourage the effective use of E-commerce, Marketplace, and application software by SMEs.

A study on the quality of accounting information systems, firm size, and sector type as a case study from Jordan, data from Jordan was used to analyze the implications of the consistency of the accounts system in developed economies. Measuring the consistency of the information system in accounting integrates system quality with data quality. Knowing the facets of the accounting information system that enhance information and its use is essential to boost administrative efficiency. This research is aimed at exploring the expansion of the quality of the Accounting Information System (AIS) and testing the relation between organization size and system quality. It also searches for quality of information supplied, organizational volumes, system quality, market category and business quality and business sector quality. This study has used descriptive analysis for the explanation of the quality and the hypothesis of AIS. This study revealed that mainly the level of system quality and the information quality and the information quality is not superior. Regarding the business sector and firm size groups there are a variation in the system quality and information quality. The outcomes shed light on the links among system quality and firm size however, there are uncorrelated relationships among the information quality and firm size, system quality and business sector and information quality and business sector. This research tries to expand the theoretical framework of the quality of AIS and helps the academics and professionals, decision-makers to evolve the business performance.

Value Relevance

A study on Value Relevance of Accounting Information: A Review of Empirical Evidence Across Continents, reviewed past works of researchers on value relevance looking at the impact of the relevance of financial information before and after the adoption of the

international financial reporting standards. These study's empirical findings suggest that accounting information (represented by earnings per share, book value per share, and dividend per share) is more relevant than the cash flow statement measures variables in value relevance literature. Most of the studies reviewed showed that the adoption of the IFRS helped to improve the quality of accounting information of the firm although a few studies indicate that the adoption of IFRS does not improve the quality of accounting information and this can be as a result of the methodological differences between studies, background and the situation of the country in which the studies were carried out, differences in the political, legal, and economic system among countries and social-cultural factors existing between countries.

A study on the review of the value relevance literature investigated the essence of accounting information on stock investors. The research focused on high-quality value relevant research from the last two decades. The researcher focused on the financial data of the United state of America, it reviewed articles on value relevance from top accounting journals. the review describes studies on the development of value relevance over time and shows how value relevance from different accounting methods can be compared. Overall, the review provides in-depth information on the value relevance literature to readers who wish to familiarise themselves with this line of empirical accounting research. Keywords: Capital markets, cash flow, accruals, earnings, value relevance⁷⁴.

A study on the value relevance of accounting information: Evidence from Nigeria examined the extent to which accounting information is associated with firm value, from an emerging market context. The study used the basic Ohlson model with cash flow from operations and dividends used to ascertain the value relevance of accounting information and this was assured against the stock price. The study employed pooled and panel data in the regression of share price and return on accounting numbers. The study found that earnings, cash flow,

and dividends were statistically significantly associated with firm value but book value was related but not statistically significant

In another study on the Value-relevance of non-financial information: The wireless communications industry found that on a stand-alone basis, financial information (earnings, book values, and cash flows) is largely irrelevant to the valuation of cellular companies. However, when combined with non-financial information, and after adjustments are made for the excessive expense of intangibles, some of these variables do contribute to the explanation of stock prices. This finding demonstrates the complimentary between financial and non-financial information, as well as indicates that the traditional focus of accounting researchers on the former is overly restrictive and may lead to unwarranted conclusions⁷⁵.

A study on the evolution in value relevance of accounting information addressed how the relevance of accounting information evolved as the new economy developed. The study considered more accounting items and found no decline in combined value relevance from 1962 to 2018. The findings of the study revealed an evolution to a more nuanced but not declining, relation between accounting information and share price⁷⁶.

A study on Sustainability Reporting and the Value Relevance of Financial Statements explores the Sustainability Reporting Award (SRA) impact on the value relevance of financial statements; more specifically, whether companies receiving a Sustainability Reporting Award have a higher value relevance of financial statements than firms that do not receive a Sustainability Reporting Award. This study aims to examine whether the information on the Sustainability Reporting Award (SRA) winners has an impact on the value relevance of the financial statements, which include earnings per share (EPS), earnings per share change (EPSC), and book value per share (BVPS). This study examines whether information about the winners of the Sustainability Reporting Award (SRA) contributes to

the usefulness of the information in financial statements. This study used a sample consisting of 110 winners of SRA (SRA firms) and 110 companies that did not receive SRA (non-SRA firms) from 2008 to 2016. The study was analyzed using descriptive, correlation, and regression analysis. The study found that BVPS and EPS have value relevance whereas the value relevance of EPSC depends on the measures used for the R and EPSC. It also found that earnings per share (EPS), earnings per share change (EPSC), and Book Value Per Share (BVPS) are value-relevant information. Results of comparison between SRA firms and non-SRA firms show that the positive association between earnings per share and stock price (P) and the positive association of earnings per share with stock returns (R) for SRA firms are higher than that for the non SRA firms. The results of this study indicate that investors respond positively to EPS as a piece of relevant accounting information in stock valuation, and the market response to the EPS for the Sustainability Reporting Award winners is higher than the market response to EPS for non- Sustainability Reporting Award winners. From the perspective of the signaling theory, the market captures information about the winners of the Sustainability Reporting Award, provided by the National Center for Sustainability Reporting (NCSR) and which is pursued by participating companies of SRA, as a positive signal because the Sustainability Reporting Award participating companies and SRA winners are considered to be managed by high-type managers, that is, managers who have inside information about prospects in favor of sustainable development. In addition, the findings of this study indicate that EPSC is positively associated with R when EPSC and R are measured by Indonesian rupiah (IDR) instead of by percentage, and the positive association between EPSC and R for the SRA firms is higher than that for the non-SRA firms. Thus, the results are sensitive to measures of the variables. However, this study found that the value relevance of Book Value Per Share for SRA firms is lower than for non-SRA firms. The findings of this study imply that the determination of the Sustainability Reporting Award winners to the

Sustainability Reporting Award participants can improve the usefulness of the information in financial statements, especially the information about EPS and EPSC.

A study on the effect of return on equity, earning per share, and price-earning ratio on stock prices. The study analyzes, test, and proves the effect of returns on equity, earnings per share, and price-earnings ratio on the stock price. The study used a multiple linear regression with the preceding test of classical assumption deviations. The result shows that the data is normally distributed and no overlapping is obtained. The study concluded that ROE has a partial effect on the stock price of the Indonesian stock exchange, while EPS and PER simultaneously do not affect the stock price of the Indonesian stock exchange⁷⁷.

A study on the value relevance of financial reporting from a developing country perspective after the adoption of the full set of IFRS utilizes the Ohlson price model to determine the value relevance of financial reporting. The findings show that generally earnings, the book value of equity, and cash flow from operations are useful for investment decision-making, whereas, there is an increasing significance of cash flow from operations in the Malaysian Capital Market. This finding is not consistent with the rationale given by the conceptual framework for financial reporting regarding the dominance of earnings in investment decision-making due to the perception of managerial bias in the reported earnings and book value of equity in the Malaysian Capital Market over the period 2012–2016. The findings have an important implication for regulators and local standards-setting bodies to curtail earnings management practices to improve the quality of earnings and book value of equity to increase the investor's confidence in general-purpose financial reporting. The findings of the study contribute to the existing literature by performing a detailed empirical analysis of the value relevance of financial reporting in Malaysia, a developing country where the full set of IFRS has been implemented.

A study on the Value relevance of financial reporting: Evidence from Malaysia, examines the value relevance of financial reporting from a developing country perspective after the adoption of the full set of IFRS. The study utilizes the Ohlson price model to determine the value relevance of financial reporting. The findings show that generally earnings, the book value of equity, and cash flow from operations are useful for investment decision-making, whereas, there is an increasing significance of cash flow from operations in the Malaysian Capital Market. This finding is not consistent with the rationale given by the conceptual framework for financial reporting regarding the dominance of earnings in investment decision-making due to the perception of managerial bias in the reported earnings and book value of equity in the Malaysian Capital Market over the period 2012–2106. The findings have an important implication for regulators and local standards-setting bodies to curtail earnings management practices to improve the quality of earnings and book value of equity to increase the investor's confidence in general purpose financial reporting. The findings of the study contribute to the existing literature by performing a detailed empirical analysis of the value relevance of financial reporting in Malaysia, a developing country where the full set of IFRS has been implemented. To examine the association between accounting information and share price (share price as a proxy for firm value or value relevance), the generalized Ohlson (1995)'s valuation framework was used by this paper. The valuation framework of Ohlson's price model defines firm value as a function of BVE plus earnings and other information but not specified the other information. Therefore, this study has incorporated the CFO as another accounting information along with earnings and BVE. Most of the recent empirical literature that has investigated the value relevance of earnings, BE, and CFO used Ohlson's (1995) price model⁷⁸. The earnings are calculated as profit after interest and tax of a firm divided by the total number of ordinary shares outstanding. BVE is measured by the total assets of the firm fewer claims on the assets divided by the total number of ordinary shares outstanding.

CFO is measured by cash flow from the operating activities of a firm by dividing the total number of ordinary shares outstanding. The regression results based on the Prais-Winston Panel Corrected Standard Errors (PCSE) find that earnings, BVE and CFO significantly and positively explain the variation in the share price of Main Market's listed firm. The dependent variable is measured as the share price at the end of four months following the financial year-end⁷⁹.

A study on value relevance of accounting information reacts to a financial crisis and reported that the relevance of financial reports rests on the value relevance of accounting information. The study determined how the value relevance of accounting differ before, during, and after the 2008 global financial crisis. The study employed panel data regression analysis to cover selected accounting information and market valuation data of publicly listed non-financial firms in Asia from 2000-2016. The study found that the Book Value, Earnings per share, Cash flow of operation, and size correlated with the market value of equity per share at a significant level. The study concluded by saying that understanding the value relevance of accounting information on a firm's market value allows investors to readily adjust their investment strategies and make informed decisions to achieve their objective which is to allocate resources towards more profitable investments⁸⁰.

A study on measuring the value relevance of Financial information for strategic Decision-Making and performance of Nigeria Listed Firms investigated the value relevance of financial information contained in earnings per share and operating cash flow per share for strategic decision-making and performance. Secondary Data extracted from the annual reports and accounts of forty-three listed firms on the Nigerian Stock Exchange over the period of 201 to 2017 was used. The non-linear symmetric generalised auto-regressive conditional heteroscedasticity model was used to analyze the data collected. The study found that earnings per share and operating cash flow per share are individually and jointly valued

as relevant in strategic decisions and performance. It concluded that it is necessary to pay attention to the financial information system of an organization to enhance the quality of services it can provide to strategic management. It also states that it is necessary to pursue the fundamental quality of relevance that guarantees predictive, materiality, and confirmatory values and enhancing quality that measures usefulness by both management and regulators.

A Study on The Impact of the Disclosed R & D Expenditure on the Value Relevance of the Accounting Information: Evidence from Greek-Listed Firms Investigated In this study we explore the effect of R & D disclosed information in firms' financial reports on the value relevance of the reported accounting information. We also investigate the adequateness of the R & D reported financial and non-financial information. Although many empirical studies have focused on R & D performance models for markets globally, the available financial information for R & D expenditure is limited. In other words, can we assume that the reported accounting information for R & D investment is adequate and valuable? This study empirically investigates the effect of R & D reported information on the value relevance of the accounting information of firms' financial statements. Specifically, using Ohlson's equation, it is examined whether changes in stock prices are explained better when R & D factors are included in models, in conjunction with changes in book value and abnormal earnings. We focus on listed firms on the Athens Stock Exchange to explore whether R & D expenses are value relevant, in a market that has been affected for a long period by the global economic crisis of 2007. In our findings, we observe that the reported R & D expenses do not have any significant influence on the investors' choices, in contrast to expectations based on the prior literature. Moreover, the panel data analysis employed in the paper overcomes common methodological problems (such as autocorrelation, multicollinearity, and heteroscedasticity) and allows the estimation of unbiased and efficient estimators. Although OLS regression analysis has been used in previous studies, we applied the WLS panel data

regression analysis to avoid heteroscedasticity. The implementation of this method and the fact that the research target was Greek-listed firms for the period 2006–2017, which have not been analyzed in previous relevant studies, constitute our contribution to the research literature.

A study on the value relevance of accounting earnings and cash flows in a transition economy: the case of Serbia investigated the association of earnings and cash flow with stock prices and returns and the impact of regulatory changes on the value relevance of accounting numbers. Non-Financial firms listed on the Belgrade stock exchange from 2005-2018 were used. The study found that accounting earnings changes are more value relevant than cash flows. The study also found that there was a negative relation between earnings changes with stock returns and this was due to the lower persistence of negative earnings levels and changes. The study also found that capital market regulation helped to improve the value relevance of accounting information.

A study on the impact of Environmental, Social, and Governance (ESG) disclosure by companies around the world on market value. Using a large sample of non-financial companies listed in 38 countries during the period 2008–2012, we test for value relevance by employing the modified version of the Ohlson (1995) model developed by Collins. We find support for the value relevance of disclosure of ESG both in aggregate form and its components. These findings support the expectation of disclosure theory that disclosure of relevant information (such as ESG) has a positive impact on value. The results are robust to several alternative specifications. Consistent with the finance literature on the impact of legal origin the results for ESG disclosure are stronger in common-law countries. Our results provide new evidence for researchers, investors, and policy makers of the value relevance of ESG disclosure in a broad international setting. The evidence shows that global investors

benefit from the disclosure of both aggregate ESG and individual factors and this supports regulators in pushing companies to provide additional ESG information⁸².

A study on the value relevance of accounting information: evidence from Nigeria says the value relevance of accounting information addresses the degree to which accounting information summarizes the information that is impounded in share prices. The study examined the extent to which accounting information is associated with firm value from an emerging market context. The study used earnings, cash flow, and dividends as measures of its value relevance of accounting information as against the general book values being used by other studies⁸³.

A study examined accounting standards and value relevance of accounting information: a comparative analysis between Islamic, conventional hybrid banks. The study examined the value relevance of accounting information for Islamic, conventional, and hybrid banks, it also investigates the moderation impact of IFRS adoption and AAOIFI mandatory adoption on the value relevance of accounting information. A panel data regression was used and the study found out find that the value relevance of accounting information is higher for Islamic banks, compared to conventional banks. Second, we find that the IFRS framework strengthens the relevance of accounting information in Islamic banks, but we did not find the same for Hybrid banks. Third, we find that the mandatory adoption of AAOIFI accounting standards has a moderation effect on the value relevance of accounting information for both Islamic banks and Hybrid banks⁸⁴.

A study on the impact of inflation on Islamic banks' home financing risk: Before and during the COVID-19 outbreak evaluates the credit risk that Islamic banks in Indonesia have been exposed to related to home financing before and during the COVID-19 outbreak. The panel data was employed covering the period of Jan 2016 to Sep 2020 every month. The data were

analyzed using a dynamic panel approach to present a distinct picture of Sharia-compliant property financing before and during the COVID-19 outbreak. The study found that the macroeconomic variable reflected by regional inflation has had a different influence in the two periods, with Islamic banks having had much more exposure to microeconomic risk, specifically in home financing, during the epidemic⁸⁵.

A study on the effect of value relevance of Accounting Information on IFRS Adoption of deposit money Banks in Nigeria assessed the value relevance of accounting information on deposit money Banks in Nigeria during IFRS financial periods. The research design used in the study was Ex post facto and time series data. 10 selected deposit money banks quoted on the Nigerian Stock Exchange. The study covered eight years of annual reports and accounts of the selected deposit banks. The data collected for the study were tested using regression analysis and the Chow test to determine if there is a significant relationship between the pre-IFRS and post-IFRS on the value relevance of accounting information and revealed that book value per share and earnings per share are value relevant in determining share price of deposit money banks in Nigeria after the adoption of IFRS. The study found that earnings per share are value relevant in determining the share price of deposit money banks in Nigeria after the adoption of IFRS. It also found out that since the adoption of IFRS in the firm, there is a structural change in the book value per share⁸⁶.

A study on the value relevance of accounting information and share price in the financial service industry examined the value relevance of accounting information in financial service companies in Nigeria. The study looked into the relationship company return has on net worth and share price, the influence dividend per share has on share price, and the extent cashflow from operations affects the share price. Data from 2012-2018 of 20 financial institutions listed in the Nigeria stock exchange and the data was analyzed using the ordinary least square regression and panel data regression method to make the statistical decisions.

The study found that there is a positive and significant relationship between share price and firm size. The study concluded that there was a negative and insignificant relationship between DPS, EPS, CFO, BVS, and Share Price. The study concluded that there is a relationship between share price and firm size. It was also concluded that there is no value relevance between information in financial statements and share price. It was recommended that companies should diligently follow the International Financial Reporting Standards in preparation and presentation of their financial statements⁷⁷.

A study on the impact of value relevance of accounting information and its impact on stock prices: A study on listed pharmaceutical companies at the Dhaka stock exchange of Bangladesh, studied the impact of value relevance of accounting information on the earnings per share, net operating cash flow per share, net asset value per share, cash dividend per share and stock dividend per share and market value per share. It used the ANOVA, correlation, and regression analysis methods to analyze the impact. The study confirmed a statistically significant positive relationship. The outcomes demonstrated a statistically significant positive correlation between NOCFPS, NAVPS, and MVPS. A statistically significant inverse association between EPS and MVPS was also found in the results, which is a different finding. Additionally, the findings revealed that MVPS and CDPS had a weak but favorable association. The information generated by accounting systems is valuable, relevant, and crucial for decision-making, The findings of this study will added to the body of literature already available on VRAI. This study recommends that existing and potential investors use accounting information for taking efficient and effective investment decisions.

A study on the value relevance of accounting information and share price: An empirical study on manufacturing firms in Nigeria assessed the relationship between the value relevance of accounting information and share price with a focus on manufacturing companies listed on the Nigerian stock exchange market. The Ex-post facto research design was used. Ordinary

Least Square (OLS) regression analysis and the Granger Causality test were used to test the hypothesis with the aid of E-View 9.0. The results of this study revealed that there is a significant positive relationship between the Dividend per Share and the Share Price. The researcher recommends among others that standard setters, the stock market regulators, and listed manufacturing firms in Nigeria should continuously devise ways of improving the quality of accounting information published in financial statements to maintain and increase their value relevance to the investors and other stakeholders⁷⁸.

A study on the effect of Intangible Asset Disclosure on The Value Relevance of Listed Deposit Money Banks in Nigeria found that investors' reaction to the share prices of Nigerian deposit money banks is determined by the aggregate of book value and intangible assets information published in the financial statements. Based on the findings and conclusion of this study, it was recommended that the management of Nigerian quoted deposit money banks should give more attention to intangibles, to enrich the content of financial statements and increase the pertinence of accounting numbers⁷⁹.

A study on the impact of reforms on the value relevance of accounting information: Evidence from Iran examined the value relevance of accounting information in Iran between 1996 and 2008, before and after the codification of the national accounting standard in 2001. The findings using the regression and portfolio approaches show accounting information in Iran is value relevant. It also showed that the value relevance of earnings per share is higher than the book value of equity per share. The study also showed a decline in the value relevance of accounting information after the reform in accounting standards which could be interpreted to mean that codification of the first national accounting standards did not improve the relevancy of accounting numbers in the Tehran stock exchange⁸⁰.

A study on IFRS Adoption and Value Relevance of Accounting Information of Listed Deposit Money Banks in Nigeria evaluated the implementation of the International Financial Reporting Standards (IFRS) and the value relevance of accounting information of Nigeria's listed Deposit Money Banks (DMBs) employing the correlational and Ex-post factor research design while adapting Edward Bells and Ohlson model (1995). Having IFRS as a moderator of the adapted Edward, Bells, and Ohlson model, the Ordinary Least Square (OLS) regression model documents that: as accounting information becomes more value relevant after IFRS implementation, it improves the prediction potential of accounting information. As a result, the study suggests that all developing countries adopt IFRS as their financial reporting standard since it can improve the integrity of their accounting information. Furthermore, organizations should ensure that corporate governance, strong enforcement, and rigorous IFRS training are strongly implemented since it assures better reporting quality. Research should also be conducted to assess the impact of the mandatory adoption of IFRS on the accounting information in the consumer goods sector and SMEs in Nigeria.

A study on value relevance and changes in accounting standards: A review of IFRS adoption literature investigated the relationship between value relevance and adoption of International financial reporting standards. The study reviewed several works of literature and used the Ohlson theory. The study found that there was high market efficiency and liquidity which may be attributed to several factors apart from the audit quality of the financial statement. The study found out that there was an increase in value relevance in the respective markets after adoption of IFRS. A few studies also reported a lack in improvement of value relevance following IFRS adoption but attributed the results to anomalies like government interference, mock compliance, improper enforcement, firm-specific differences and business changes that are outside the scope of financial reporting. The study recommended the adoption of IFRS standards as a possible factor that can improve value relevance⁸¹.

A study on the Value Relevance of Accounting Information: The moderating effect of timeliness focused on the impact of timeliness on the value relevance of accounting information using 17 companies listed on the Nigeria Stock Exchange from 2011 to 2014. It says that timeliness is important to protect the users of accounting information from basing their decision on a piece of outdated information. The study reviewed the measures of timeliness as disclosed by a researcher by the name of Skinner. It gave the three measures of timeliness. The findings of the study

Relevance, therefore, implies the ability of the information presented in the financial statements to influence the decisions of both potential and existing investors whether by changing or confirming their expectations about the result or consequences of actions or events. Value relevance deals with the usefulness of financial statement information in equity valuation. Francis and Shipper 1999 said that the value relevance of financial information is measured by its ability to capture or summarize information, regardless of the source that affects equity value⁸².

In a study on the impact of social responsibility performance on the value relevance of financial data in the banking sector, evidence from planned discussed the fact that corporate social responsibility is becoming one of the most important parts of every business, especially for banks. The research employed multivariate regression analysis based on the Ohlson model and the Chow test for structural breaks. The study found that financial disclosures of banks included in CSR indices are generally more value relevant. It also found that more corporate socially responsible banks exhibit higher responsiveness to market values to net earnings compared to their counterparts that are less socially responsible⁸³.

A study assessed the effect of value relevance and market valuation of assets measured using IFRS and US GAAP in the US Equity market. The study arge sample of non-US firms

trading on US exchanges choosing to use either US GAAP or IFRS for SEC reporting purposes. The sample period starts two years after the SEC's acceptance of IFRS financial statement without a 20-F reconciliation and is larger than earlier samples. The study shows that there is no difference between IFRS and US GAAP firms' overall value relevance, however, earnings are more value relevant when measured using IFRS and book value is more value relevant when measured using US GAAP. The authors find that the difference between US GAAP and IFRS can be explained, at least in part, by greater market multiples being placed on inventories and goodwill using US GAAP. This is offset in part by greater multiples being placed on other assets under IFRS⁸⁴.

A study on the overview of audit quality evaluated the current literature using a secondary research in which past research on the topic has been evaluated. The study audit quality", "definition", "processes", "inputs", "audit evidence", and factor related search terms have been used for obtaining the required data. Firstly, there is no universal definition of audit quality as different authors have separately defined it. Secondly, the author has summarized various indicators of audit quality after establishing the audit quality framework. Here, it is necessary to mention that there are various local and international jurisdictions that are applicable and followed by various local and international firms. At the same time, various audit quality indicators are important to assess how they are linked to audit quality. For example, professional skepticism is one the important input indicators that is highly essential to determine audit quality⁸⁵. A study on auditors independence and audit quality in Nigeria conducted to ascertain possible connections between audit independence and quality of auditing in Nigeria. The objectives were centered on assessing possible effect of audit cost, audit workers rotation and audit tenure on quality of audit in Nigeria. To achieve this set objectives, this study employed ex-post-facto research design based on data sourced from selected firm's yearly reports for time period that ranged from 2010 to 2019. The research

used panel least square procedure based on fixed and random effect framework and houseman test was equally employed in select best model for to estimate parameters contained in the model. Findings from research analyses revealed that audit cost negatively and appreciably effected audit quality in these selected Nigeria based banks, and that audit workers rotation negatively and inappreciably effect audit quality in these selected Nigeria based banks. Lastly, the research revealed that audit tenure negatively and inappreciably effect audit quality in these selected Nigeria based banks. Based on these findings, it was prescribed that audit firms should ensure that audit cost are based on professional prescribed benchmark in ways that their independence is appreciably assured to enhance audit quality. Also, it was equally prescribed audit firms need to make sure that audit workers are continually rotated to prevent over familiarity as concern threats to gain independence and enhance audit quality. Lastly, this research prescribed that regulatory agencies and ICAN need to make sure that audit companies tenure as contain and enacted by these agency is painstakingly followed by audit companies because such is crucial to assure independency and improve audit quality⁸⁶.

This study evaluated Value relevance of accounting information (VRAI) that emphasizes the impact of different information produced by accounting on the market price of the share. The paper tried to determine the VARI on pharmaceutical companies' share price at the Dhaka Stock Exchange (DSE) of Bangladesh. The study collected data from different Pharmaceutical companies listed under the DSE for the period starting from 2017 to 2019. ANOVA and regression analysis were applied to ascertain the association between Financial Accounting Information like Earnings per Share (EPS); Net Operating Cash Flow Per Share (NOCFPS); Net Asset Value Per Share (NAVPS); Cash Dividend Per Share (CDPS), and Stock Dividend Per Share (SDPS) and Market Value Per Share (MVPS). The results confirmed a statistically significant positive relationship of NOCFPS, NAVPS with MVPS.

Differently, the results also confirmed a statistically significant negative relationship between EPS and MVPS. The results also ascertained that CDPS and SDPS had no significant but positive relationship with MVPS. Finally the study concluded that the information produced by accounting systems are value relevance and important in decision-making. This study recommends the existing and potential investors to use accounting information for taking efficient and effective investment decisions⁷⁷.

Audit Quality and Value Relevance of Accounting Information

A study on corporate governance and accounting earnings quality in emerging economies using audit quality as a moderating variable. The study reviewed several theories as it relates to corporate governance. The panel data was used and a total of 70 Non-financial firms were sampled from the top 100 firms listed in the Pakistan stock market. The study found that audit quality has an impact on the link between Corporate governance and accounting earning quality. The regression model revealed that audit quality has a positive relationship with earnings. It also revealed that the presence of audit quality increases the association between the corporate governance index and accounting earnings quality⁹⁸.

Another study on the relationship between audit quality, earnings, and equity book value relevance examines the relationship between audit quality, earnings, and equity book value relevance. The Big 4 and non-Big 4 public accounting firms as our proxy of audit quality. The study uses listed manufacturing firms on the Indonesian stock exchange for the period between 2014 and 2016. The ordinary least squares regression was used and the result shows that audit quality has a positive relationship to earnings and equity book value relevance. The study showed that audit quality determines the financial report's information relevance degree that is used as input for stakeholders in making decisions⁷⁹.

Audit Professionals and Value Relevance of Accounting Information

A study on the effect of female presence on corporate boards of directors on the value relevance of accounting amount: empirical evidence from the European Union investigates the ability of female presence to affect the value relevance of accounting information. The price model was used to assess the ability of female presence to affect the value relevance of earnings and book value disclosed in the consolidated financial annual reports of the firm analyzed. The study found that the value relevance of accounting amounts was increased by a female presence which in turn provides insights that board composition affects investors' judgment⁷⁰.

A study on auditors' professional skepticism and fraud detection, the study aims to examine the effect of competence, independence, experience, and audit time pressure on fraud detection by using the mediation of professional skepticism in the context of internal auditors for the public sector. The research data were obtained through a survey questionnaire on 173 auditors of the Inspectorate General of the Ministry of Education and Culture. The analysis technique in this study used Partial Least Square (PLS). The results showed that competence, independence and audit time pressure had no effect on the ability to detect fraud. Meanwhile, the auditor's experience and professional skepticism had a positive effect on fraud detection. The application of professional skepticism was proven as a mediating variable in the effect of competence, independence, experience and audit time pressure on fraud detection. Auditors' competence, independence, and experience had a positive effect on professional skepticism and audit time pressure had a negative effect on professional skepticism. The results of this study provide an input that the importance of applying professional skepticism could improve fraud detection⁸¹

Audit Result and Value Relevance of Financial Reporting

A study on Auditor's report, auditor's size, and value relevance of accounting information set out to examine the effect of auditor's report and audit firm size on the value relevance of accounting information of the companies listed on the Tehran Stock Exchange during the years 2008–2017. The study includes a sample of 1,530 firm-year observations drawn from the listed companies, and the research hypotheses were analyzed using a multivariate regression model based on panel data. The study found out that there is a significant positive association between auditor's opinion and value relevance of book value per share. It also suggested a there a significant relationship between auditor's opinion and value relevance of earnings value per share. Also, the results of the study exhibit robustness to the alternative measure of auditor's attributes. The study is the first to analyze the association between auditor's attributes and the value relevance of accounting information in emerging capital markets, thereby generating certain implications for investors, managers, capital market policymakers, and audit profession regulators in general and those in emerging markets in particular. The study concluded that the financial reports financial reports of companies that have been audited by big auditors reflect accounting information more objectively and accurately and it plays an important role in investors' decisions about stock prices. Therefore, investors place more value on accounting information of firms that have been audited by big auditors. In addition, the type of auditor's report can be another factor influencing investors' decisions and value relevance of accounting information⁸².

A study on auditors' Independence and value relevance of Quoted manufacturing firms in Nigeria during the period of 2008 to 2017. An ex-post research design was used for secondary data extracted from published financial statements of the firms. The results showed a positive and insignificant relationship between auditors' independence and the value

relevance of quoted manufacturing firms in Nigeria. The panel OLS regression result above established the relationship between the auditor's independence and the value relevance of quoted company. It was concluded that an increase in auditors' independence could lead to an increase in value relevance but by a small (insignificant) proportion⁸³.

A study on Value drivers of bank equity market price looked at the effect of value drivers of bank equity market prices. The data is analyzed using panel regression. Hausman and Pagan's test was conducted to find the best-fit model. The results show that Finance Charge Coverage (FCCR), Advance Loan funds, Current Ratio, Beta and Asset Turnover have a negative impact on bank equity value and Activity Mix, Revenue Efficiency, Earnings Retention, and Cost Management shows a positive significant relationship with equity value. Factors like FCCR affects the market values of public sector banks and private sector banks differently. Growth in GDP, Inflation shows a positive relationship with the market value of bank equity. Growth in Money Supply has a differential impact on the market value of private sector banks and public sector banks. The results provide useful insights to understand the determinants of the market value of bank equity. It can help bankers frame strategies to maintain and enhance the market value of their equity⁸⁴.

Forensic Accounting and Value Relevance of Financial Statements

A study on Forensic Accounting Techniques and Integrity of Financial Statements: An Investigative Approach explained the importance of inculcating forensic accounting techniques in the day-to-day running of an organization's business concerning internal control functions. The agency theory was adopted and the study also adopted the survey research design of data collection which will be in the form of primary data. The study concluded by establishing forensic accounting techniques and by advising that forensic accounting

techniques should be integrated into the financial reporting functions of business organizations⁸⁵.

A study conducted on the determinants of forensic accounting techniques reported that the respondents have varying answers but the majority agreed that the main factor that determines the techniques to be adopted while investigating fraud is the nature of fraud under investigation. The major forensic accounting techniques as given by the study are data mining, ratio analysis, beneath model, relative size factor, net worth approach, net worth comparative approach, Benford's law, trend analysis, computer-assisted tools, anonymous communication, expenditure trend approach, net-worth approach, and specialist software. The 6 forensic accounting techniques respondents are more acquainted with are Ratio analysis, Computer Assisted Techniques, Trend Analysis, Expenditure Trend Approach, Data Mining, and Net worth approach. Forensic Accounting techniques are constantly evolving and new methods and technologies are being developed to detect financial crimes and frauds. These new methods include Data Analytics, Benford's law, blockchain analysis, and Social Network Analysis. This study will be adopting 3 out of the four new methods and these are Data Analytics, Benford's Law, and Social Network Analysis however this is not concerning fraud investigation but value relevance.

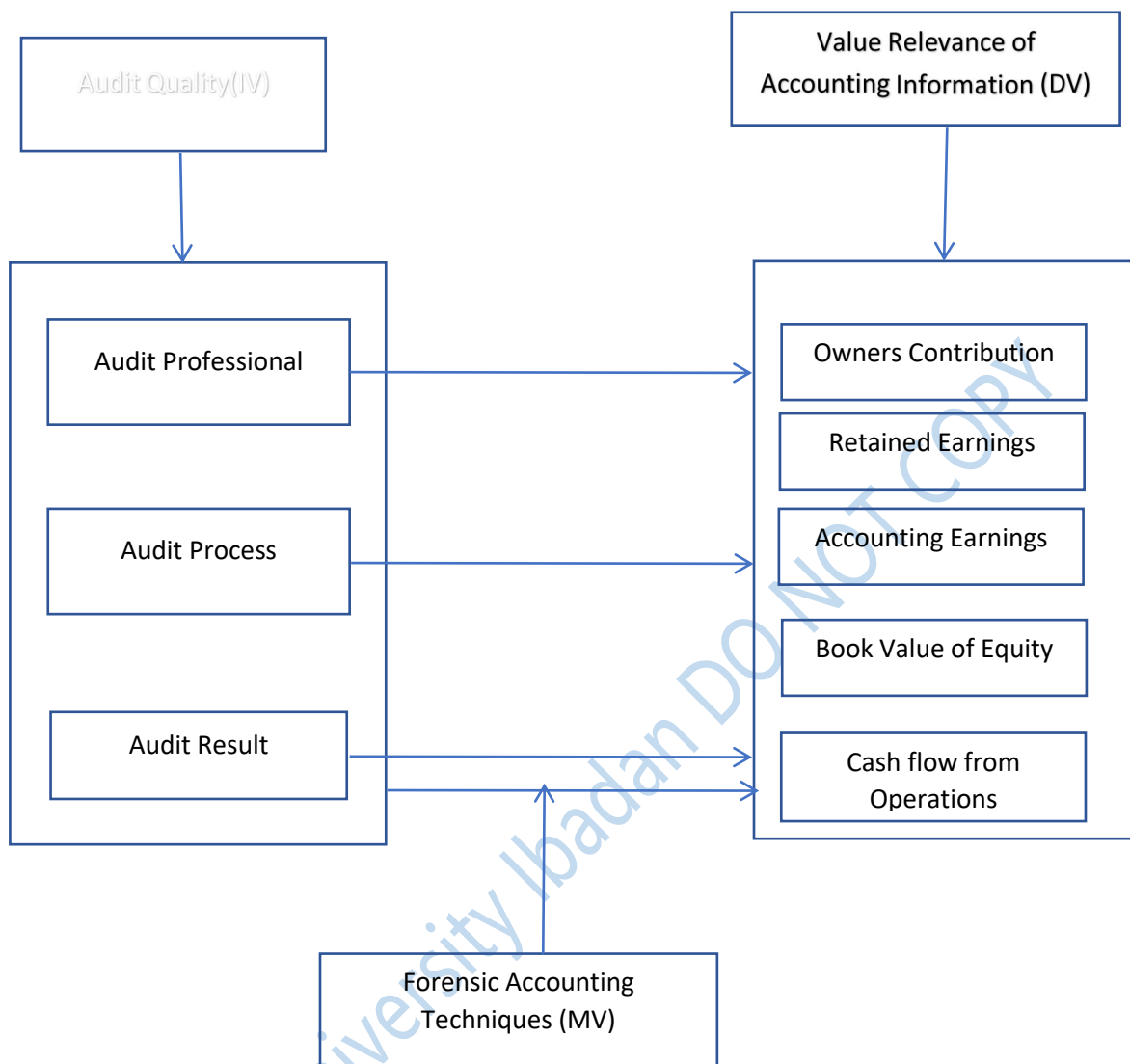
A study was carried out on Forensic Accounting Techniques: Tools for Preventing revenue leakages in Nigeria Federal Universities used. Investigative and analytical methods are used in forensic accounting to identify and address fraudulent practices. The goal of the study was to determine how effective forensic accounting techniques are at stopping revenue leakages in Nigeria's federal universities. The sample size for this study's primary data, which was acquired through a research questionnaire, was 238. The regression analysis was utilized in this investigation. The links between forensic accounting approaches and income leakages

were documented and assessed using regression analysis. Using the analytical tool allowed for the development and testing of crucial hypotheses for a valid regression, ensuring the accuracy of the final regression model. According to the report, forensic data analysis tools help Nigerian federal institutions reduce income leakages. This suggests that forensic data analysis methods can assist in identifying financial leaks at Nigerian Federal Universities. As a result, it was determined that using forensic accounting data analysis methodologies aids in stopping income leaks. It was discovered once more that forensic accounting technology aids in stopping revenue leaks at Nigerian Federal Universities. The consequence is that there would be a significant decrease in income leakages after these technologies were implemented. Based on these conclusions, it was suggested that forensic accounting data analysis methods be used at Nigerian Federal Universities to help stop systemic income leakages. To avoid revenue leaks, forensic accounting technologies should be implemented as well as assistance from the appropriate authorities⁸⁶.

A study on Application of forensic accounting techniques in the South African banking industry for the purpose of fraud risk mitigation. The purpose of this study is to investigate the application of forensic accounting techniques in relation to fraud risk mitigation. This study employed an explanatory research design and a qualitative approach accompanied with a purposive sampling method. A primary data source was devised with a focus on the 17 licensed commercial banks registered in South Africa. By obtaining a true reflection of the situations in the banks, a conclusion was drawn following the outcome of the inferential statistical analysis. The research was conducted at the individual and organisational levels, with the bank consultants presenting their views. One hypothesis was formulated and non-parametric statistical analyses involving the use of Chi-square test, Fisher's Exact test and Spearman's correlation were carried out. The results obtained substantiate that the loopholes created as a result of non-effective application of forensic techniques are partly responsible

for some cyberfraud incidents in the banking industry. There is no sufficient evidence to ascertain whether the fraud risk assessment and management in the banking industry has a relationship with the effective application of forensic accounting techniques in terms of the identified causes of cyberfraud. However, the findings establish a positive correlation between fraud risk assessment and management as it relates to forensic accounting implementation. This study provides an insight into the significance of forensic accounting applications for fraud risk mitigation. There is still a dearth of information regarding the forensic accounting for fraud risk mitigation; hence, it is envisaged that this study will add to the existing literature in this regard⁸⁷. A study on innovative approach in combating economic crime using forensic accounting techniques developed an innovative approach of combating economic crime using the forensic accounting techniques. The approach considered the identification of the effective forensic accounting techniques from the available literature and also explored the anti-economic crime policy, capable of assisting in the combating of economic crime. This brought about the development of two conceptual models, which incorporate all the requirements for the implementation of forensic accounting and the integration of forensic accounting technique into the organizational control system for effective fraud mitigation. The analysis of the literature review indicated that one of the drawbacks, which has continued to mitigate the implementation of forensic accounting as a tool for combating fraud is lack of a suitable framework. This was the major focal point of this work, which produced two simplified conceptual models suitable for effective fraud mitigation

2.4 Conceptual Model



Source: Researcher's Model 2024

Endnotes

1. Imhanzenobe, Japhet. "Value Relevance and Changes in Accounting Standards: A Review of the IFRS Adoption Literature." *Cogent Business & Management* 9, no. 1 (December 31, 2022): 2039057.
2. Amy Fontinelle, 6 Components of an Accounting Information System (AIS). *Investopedia*. Accessed October 10, 2024. <https://www.investopedia.com/articles/professionaleducation/11/accounting-information-systems.asp>.
3. Qatawneh, Adel M., and Gaith Abu Alfalayeh. "The Role of the Effectiveness of Accounting Information Systems in the Relationship between the Earnings Management and Financial Performance." *Significance* 13, no. 24 (2022). https://www.researchgate.net/profile/Adel-Qatawneh/publication/375090562_The_Role_of_the_Effectiveness_of_Accounting_Information_Systems_in_the_Relationship_between_the_Earnings_Management_and_Financial_Performance/links/6540d43af7d021785f235aa7/The-Role-of-the-Effectiveness-of-Accounting-Information-Systems-in-the-Relationship-between-the-Earnings-Management-and-Financial-Performance.pdf.
4. Abdelrahim Ahmad Khader, O. and Shareif Hussein Shanak, H. "The value relevance of accounting information: empirical evidence from Jordan", *International Journal of Law and Management*, Vol. 65 No. 4, 2023. <https://doi.org/10.1108/IJLMA-11-2022-0247>
5. Hossain, Tarik. "The Value Relevance of Accounting Information and Its Impact on Stock Prices: A Study on Listed Pharmaceutical Companies at Dhaka Stock Exchange of Bangladesh." *Journal of Asian Business Strategy* 11, no. 1 (2021): 1–9.
6. Mustafa Faza, Nemer Badwan, Montaser Hamdan and Suhaib Al-Khazaleh, The Effect of Accounting Disclosure on Investment Decision- Making- A case Study sample of Investors in companies Listed on Palestine Stock Exchange, Open Access peer-Reviewed Chapter, 2023, <https://www.intechopen.com/online-first/88156>
7. Lydia Indah Permatasari, Yanuar Ramadhan, The Effect of company Growth and Liuidity on company value with capital strcture as an intervening variable, *International Journal of Social Service and Research* vol 3(9), 2023, <https://doi.org/10.46799/ijssr.v3i9.521>.

8. Scott Powell. "Accounting - Overview, Importance, Types, Careers." <https://Corporatefinanceinstitute.Com/Resources/Accounting/Accounting 2020>,
9. "PSAK Pocket Guide 2017." *Price Waterhouse and Coopers* No 1, 2017.
10. Kurniawan, Ardik Rahmat, and Muhammad Khafid. "Factors Affecting The Quality of Profit In Indonesia Banking Companies." *Jurnal Dinamika Akuntansi* 8, no. 1 (2016): 30–38.
11. Srikandhi, Mutia Femila, and Dhini Suryandari. "Audit Quality Moderates the Effect of Independent Commissioners, Audit Committee, and Whistleblowing System on the Integrity of Financial Statement." *Accounting Analysis Journal* 9, no. 3 (2020): 186–192.
12. Dunham, Lee M., and Jaime L. Grandstaff. "The Value Relevance of Earnings, Book Values, and Other Accounting Information and the Role of Economic Conditions in Value Relevance: A Literature Review*." *Accounting Perspectives* 21, no. 2 (June 2022): 237–272.
13. Accounting Tiger, Explaining qualitative characteristics from the IFRS Conceptual Framework for Financial Reporting, Accounting Café, 2024, <https://accountingcafe.org/2021/03/29/ifrs-qualitative-characteristics/>
14. IFRS, Conceptual Framework for Financial Reporting, IFRS Foundation 2024 <https://www.ifrs.org/issued-standards/list-of-standards/conceptual-framework/>
15. Pedro, O. O. A., and A. Abubakar. "Effect of Intangible Asset Disclosure on The Value Relevance of Listed Deposit Money Banks in Nigeria." *A Publication of* 2, no. 1 (2022): 76–84.
16. IASB "Conceptual Framework For Financial Reporting", Presented At The Exposure Draft Ed/2010/2 Uk: International Accounting Standards Board 2010
17. Giuseppe Nicolo, Serene Santis, Alberto Incollingo, Paolo Tartaglia Polcini, Value Relevance Research in Accounting and Reporting Domains: A Bibliometric Analysis, *Accounting in Europe* vol 21(2), 2024
18. Ibrahim Para, Mannir Dabo, "Value Relevance of Accounting Information: An Empirical Study of Listed Firms in Nigeria vol 2 (1) 2021 [https://doi.org/10.61143/umyujfr.2\(1\)2021.007](https://doi.org/10.61143/umyujfr.2(1)2021.007)
19. Robu, Mihaela Alina. "The Level of Knowledge in the Value Relevance Literature." *CES Working Papers* 6, no. 4 (2014): 122–135.
20. Ogonda, Gift, and Kenneth Okiakpe. "International Financial Reporting Standards and Value Relevance of Accounting Information of Deposit Money Banks in Nigeria" (July 27, 2023).

21. Aveh, Felix Kwame, and Dadson Awunyo-Vitor. "Firm-Specific Determinants of Stock Prices in an Emerging Capital Market: Evidence from Ghana Stock Exchange." Edited by David McMillan. *Cogent Economics & Finance* 5, no. 1 (January 1, 2017): 1339385.
22. Soewarno, N., and S.R. Utami. "Significance of Accounting Information in Explaining Market and Book Values: The Case of Indonesian Banks" 55 (November 1, 2010): 146–157.
23. Sinra. "What Is the Book Value of Equity? Definition, Component, Formular, Calculation, and More." *CFAJournal*. Last modified January 21, 2021.
24. Book Value of Equity, 2024 <https://www.cfajournal.org/what-is-the-book-value-of-equity/>.
25. "Market Value of Equity: Definition and How to Calculate." Investopedia. <https://www.investopedia.com/terms/m/market-value-of-equity.asp>.
26. Burke, Qing L., and Matthew M. Wieland. "Value Relevance of Banks' Cash Flows from Operations." *Advances in Accounting* 39 (December 2017): 60–78.
27. Jansen, Benjamin A. "Cash Flow Growth and Stock Returns." *Journal of Financial Research* 44, no. 2 (June 2021): 371–402.
28. Anggraita, Viska, Hilda Rossieta, Ratna Wardhani, and Buddi Wibowo. "IFRS Adoption on Value-Relevance and Risk-Relevance of Accounting Information among Indonesian Banks." *Pertanika Journal of Social Sciences & Humanities* 28, no. 1 (2020). Accessed October 13, 2024. [http://119.40.116.186/resources/files/Pertanika%20PAPERS/JSSH%20Vol.%2028%20\(1\)%20Mar.%202020/33%20JSSH\(S\)-1092-2019.pdf](http://119.40.116.186/resources/files/Pertanika%20PAPERS/JSSH%20Vol.%2028%20(1)%20Mar.%202020/33%20JSSH(S)-1092-2019.pdf).
29. Azar, Nasrin, Zarina Zakaria, and Noor Adwa Sulaiman. "The Quality of Accounting Information: Relevance or Value-Relevance?" *Asian Journal of Accounting Perspectives* 12, no. 1 (2019): 1–21.
30. Solikha, Evilia Mayasari, and Agus Widodo Mardijuwono. "The Relationship between Audit Quality, Earnings and Equity Book Value Relevance." *International Journal of Innovation* 13, no. 4 (2020).
31. Watkins, Ann L., William Hillison, and Susan E. Morecroft. "Audit Quality: A Synthesis of Theory and Empirical Evidence." *Journal of accounting literature* 23 (2004): 153.
32. "A Framework for Audit Quality: Key Elements That Create an Environment for Audit Quality | IAASB." Last modified February 18, 2014. <https://www.iaasb.org/publications/framework-audit-quality-key-elements-create-environment-audit-quality-3>.
33. DeAngelo, Linda Elizabeth. "Auditor Size and Audit Quality." *Journal of accounting and economics* 3, no. 3 (1981): 183–199.

34. Pinello, Arianna S., Ara G. Volkan, Justin Franklin, Michael Levatino, and Kimberlee Tiernan. "The PCAOB Audit Quality Indicator Framework Project: Feedback from Stakeholders." *Journal of Business & Economics Research* 16, no. 1 (2019). Accessed October 13, 2024. <https://journals.klalliance.org/index.php/JBER/article/view/83>.
35. AL-Qatamin, Khaled Isam, and Zalailah Salleh. "Audit Quality: A Literature Overview and Research Synthesis." *Audit Quality* (n.d.).
36. "International Auditing and Assurance Standards Board." *Wikipedia*, December 6, 2023. Accessed October 13, 2024. https://en.wikipedia.org/w/index.php?title=International_Auditing_and_Assurance_Standards_Board&oldid=1188661669.
37. IAASB, Framework for Audit Quality, Key Elements that creates an environment for audit quality, www.iaasb.org
38. El-Helaly, Moataz, Collins G. Ntim, and Manar Al-Gazzar. "Diffusion Theory, National Corruption and IFRS Adoption around the World." *Journal of International Accounting, Auditing and Taxation* 38 (2020): 100305.
39. Samaha, Khaled, and Hichem Khelif. "Adoption of and Compliance with IFRS in Developing Countries." *Journal of Accounting in Emerging Economies* 6, no. 1 (January 1, 2016): 33–49.
40. IAASB Framework for Audit quality, Key Elements that create an environment for audit quality, 2023
41. Sinra. "Auditor's Independence - Application, Threats, And How to Improve It." *Wikiaccounting*. Last modified July 17, 2020. Accessed October 13, 2024. <https://www.wikiaccounting.com/auditor-independence/>.
42. AJ. "Professional Experience: Meaning, Importance & Benefits." *LMS Hero*. Last modified November 25, 2022. <https://lmshero.com/professional-experience/>.
43. Sonu, Catherine Heyjung, Ahrum Choi, Joonil Lee, and Wonsuk Ha. "Audit Partner's Length of Audit Experience and Audit Quality: Evidence from Korea." *Asia-Pacific Journal of Accounting & Economics* 26, no. 3 (May 4, 2019): 261–280.
44. Chen, Yahn-Shir, Chung-Cheng Yang, and Yi-Fang Yang. "Higher Academic Qualifications, Professional Training and Operating Performance of Audit Firms." *Sustainability* 12, no. 3 (2020): 1254.
45. Education, University of San Diego-Professional & Continuing. "Continuing Education for Professionals: FAQs, Options & 7 Reasons Why It's So Important." *University of San Diego - Professional & Continuing Education*. Last modified March 21, 2022. Accessed October 13, 2024. <https://pce.sandiego.edu/continuing-education-for-professionals-faqs-options-7-reasons-why-its-so-important/>.

46. Audit Quality, An IAASB Perspective, International Auditing and Assurance Standards Board, March 2011
47. “The Audit Quality Framework.” *FRC (Financial Reporting Council)*. Accessed October 13, 2024. <https://www.frc.org.uk/consultations/the-audit-quality-framework/>.
48. Federation of European Accountants. “Overview of Audit Quality Indicators Initiatives” (2015).
49. Pinello, Arianna S., Ara G. Volkan, Justin Franklin, Michael Levatino, and Kimberlee Tiernan. “The PCAOB Audit Quality Indicator Framework Project: Feedback from Stakeholders.” *Journal of Business & Economics Research* 16, no. 1 (2019). Accessed October 13, 2024. <https://journals.klalliance.org/index.php/JBER/article/view/83>.
50. Temitope, Odelabu Adedire. “Effect of Forensic Accounting on the Financial Performance of Commercial Banks in Nigeria.” *Research Journal of finance and accounting* 5, no. 8 (2014): 103–105.
51. Sengupta, Urmi. “What Is Forensic Accounting and Techniques.” *Tally*. Last modified May 13, 2022. <https://tallysolutions.com/us/accounting/what-is-forensic-accounting-and-techniques/>.
52. Asuquo, Akabom-Ita. “Empirical Analysis of the Impact of Information Technology on Forensic Accounting Practice in Cross River State-Nigeria.” *International journal of scientific and technology research* 1, no. 7 (2012): 25–33.
53. Akinbowale, Oluwatoyin Esther, Heinz Eckart Klingelhöfer, and Mulatu Fikadu Zerihun. “An Innovative Approach in Combating Economic Crime Using Forensic Accounting Techniques.” *Journal of Financial Crime* 27, no. 4 (June 29, 2020): 1253–1271.
54. Yadav, Sudhir, and Sushama Yadav. “Forensic Accounting: A New Dynamic Approach to Investigate Fraud Cases.” *Excel international journal of multidisciplinary management studies* 3, no. 7 (2013): 1–9.
55. Karwai, M. “Forensic Accounting and Fraud Investigation for Non-Expert.” *New Jersey* (2004).
56. Pedrosa, Isabel, Carlos J. Costa, and Manuela Aparicio. “Determinants Adoption of Computer-Assisted Auditing Tools (CAATs).” *Cognition, Technology & Work* 22, no. 3 (August 2020): 565–583.
57. Benjamin Awuah, Joseph Mensah Onumah, and King Carl Tornam Duho, “Determinants of Adoption of computer-assisted Audit Tools and Techniques among Internal Audit Units in Ghana,” *The Electronic Journal Of Information Systems In Developing Countries* 88, no. 2 (March 2022): e12203, <https://doi.org/10.1002/isd2.12203>.
58. Mardi Mardi, Petolis Nusa Perdana, Suparno Suparno, Imam Aris Munandar, “Effect of Accounting Information Systems, Teamwork, and Internal Control on Financial

- Reporting Timeliness,” *The Journal of Asian Finance, Economics and Business* 7, no. 12 (2020): 809–18.
59. Hiyam Sujud and Boutheina Hachem, “Effect of the Quality of the Accounting Information System Outputs on Customer Satisfaction in Lebanese Commercial Banks,” *International Research Journal of Finance and Economics* 176 (2019): 26–40.
 60. Eli Amir and Baruch Lev, “Value-Relevance of Nonfinancial Information: The Wireless Communications Industry,” *Journal of Accounting and Economics* 22, no. 1–3 (1996): 3–30.
 61. Yuli Anwar and Lia Rahmalia, “The Effect of Return on Equity, Earning per Share and Price Earning Ratio on Stock Prices,” *The Accounting Journal of Binaniaga* 4 (July 29, 2019): 57, <https://doi.org/10.33062/ajb.v4i01.360>.
 62. Aboubakar Mirza, **Javaria Abbas**, “Value Relevance of Financial Reporting: Evidence from Malaysia,” ed. David McMillan, *Cogent Economics & Finance* 7, no. 1 (January 1, 2019): 1651623, <https://doi.org/10.1080/23322039.2019.1651623>.
 63. **Aboubakar Mirza, Javaria Abbas** <https://doi.org/10.26710/jafee.v8i1.2269> Value Relevance of Financial Information in Malaysian Listed Firms: Real Earnings Management’s Perspective, *Journal of Accounting and Finance in Emerging Economies*, vol 8 (1) 2022.
 64. Karl Louis Eugenio et al., “How Does Value Relevance of Accounting Information React to Financial Crisis?,” *DLSU Business & Economics Review* 28, no. 2 (2019): 133–41.
 65. Zuraida Zuraida, Noor Houqe, and Tony van Zijl, “Value Relevance of Environmental, Social, and Governance Disclosure,” 2015, <https://ir.wgtn.ac.nz/handle/123456789/19255>.
 66. O. O. Omokhudu and P. O. Ibadin, “The Value Relevance of Accounting Information,” *Accounting and Finance Research* 4 (3), 2015.
 67. Serge Agbodjo, Kaouther Toumi, and Khaled Hussainey, “Accounting Standards and Value Relevance of Accounting Information: A Comparative Analysis between Islamic, Conventional and Hybrid Banks,” *Journal of Applied Accounting Research* 22, no. 1 (January 1, 2021): 168–93, <https://doi.org/10.1108/JAAR-05-2020-0090>.
 68. Faaza Fakhrunnas, Yunice Karina Tumewang, and M. B. Hendrie Anto, “The Impact of Inflation on Islamic Banks’ Home Financing Risk: Before and during the COVID-19 Outbreak,” *Banks and Bank Systems* 16, no. 2 (May 28, 2021): 78–90, [https://doi.org/10.21511/bbs.16\(2\).2021.08](https://doi.org/10.21511/bbs.16(2).2021.08).
 69. Joseph O Obi, “Effect of Value Relevance of Accounting Information on IFRS Adoption of Deposit Money Banks in Nigeria,” *International Journal of Research and Review*, no. 6 (2020): 254–62.

70. Kayode Oluwadamilare Bankole and Isreal Omohefe UKOLOBI, "Value Relevance of Accounting Information and Share Price in Financial Service Industry," *Research Journal of Finance and Accounting*, April 2020, <https://doi.org/10.7176/RJFA/11-8-14>.
71. Nimalathasan Balasundaram and Vijitha, "Value Relevance of Accounting Information and Share Price: A Study of Listed Manufacturing Companies in Sri Lanka," *Merit Research Journal of Business and Management* 2 (January 31, 2014): 001–006.
72. Jamal Barzegari Khanagha et al., "The Impact of Reforms on the Value Relevance of Accounting Information: Evidence from Iran," *International Journal Of Management And Business Studies* 10, no. 3 (March 2022): 1–12.
73. Japhet Imhanzenobe, "Value Relevance and Changes in Accounting Standards: A Review of the IFRS Adoption Literature," *Cogent Business & Management* 9, no. 1 (December 31, 2022): 2039057, <https://doi.org/10.1080/23311975.2022.2039057>.
74. Odoemelum, Ezechinyere Peter, Dr. Obiora, Fabian, Accounting Information Disclosure and Dividend Payout of Listed Pharmaceutical Firm in Nigeria, *European Journal of Accounting, Auditing and Finance Research*, Vol.11(2) 2023, <https://doi.org/10.37745/ejafr.2013/vol11n26283>
75. Piotr Bolibok, "The Impact of Social Responsibility Performance on the Value Relevance of Financial Data in the Banking Sector: Evidence from Poland," *Sustainability* 13, (21) 2021 2006, <https://doi.org/10.3390/su132112006>.
76. Michael Cipriano, Elizabeth T. Cole, and John Briggs, "Value Relevance and Market Valuation of Assets Measured Using IFRS and US GAAP in the US Equity Market," *International Journal of Accounting & Information Management* 30, no. 1 (February 1, 2022): 95–114, <https://doi.org/10.1108/IJAIM-06-2021-0126>.
77. Khaled Isam AL-Qatamin and Zalailah Salleh, "Audit Quality: A Literature Overview and Research Synthesis," *IOSR Journal of Business and Management (IOSR-JBM)* 22, no. 2 (2020): 56–66.
78. Bassey Eyo Bassey, Omini E. Ubi, Aminu Olatunbosun, Etole U. Asi., & Archibong S. Emmanuel, "Auditors Independence and Audit Quality in Nigeria," 2020, <https://www.semanticscholar.org/paper/Auditors-Independence-and-Audit-Quality-in-Nigeria-Bassey-Ubi/7c7327e953776b8a832573307ebc337b2809a26f>.
79. Khan Khalil, Dr, Wisal Ahmad, Faizan Malik, and Abdul Wali Khan. "Does Audit Quality Moderate the Nexus Between Corporate Governance and Accounting Earnings Quality in Emerging Economies?" *Indian Journal of Economics and Business* Vol. 20 (December 1, 2021): 1779.
80. Evilia Mayasari Solikha and Agus Widodo Mardijuwono, "The Relationship between Audit Quality, Earnings and Equity Book Value Relevance," *International Journal of Innovation* 13, no. 4 (2020).
81. Fauzia Agustina, Nurkholis Nurkholis, and Mohamad Rusydi, "Auditors' Professional Skepticism and Fraud Detection," *International Journal of Research in Business and Social Science (2147-4478)* 10, no. 4 (2021): 275–87.

82. Ahmad Abdollahi, Yasser Rezaei Pitenoei, and Mehdi Safari Gerayli, "Auditor's Report, Auditor's Size and Value Relevance of Accounting Information," *Journal of Applied Accounting Research* 21, no. 4 (January 1, 2020): 721–39, <https://doi.org/10.1108/JAAR-11-2019-0153>.
83. Asite Ogbuehi and Promise Ikechi Woke, "Auditors' Independence and Value Relevance of Quoted Manufacturing Firms in Nigeria," *BW Academic Journal*, November 21, 2021, <https://bwjournal.org/index.php/bsjournal/article/view/244>.
84. Chitra Gounder and Jyoti Nair, "Value Drivers of Bank Equity Market Price," *Indian Journal of Finance and Banking* 13, no. 1 (February 28, 2023): 78–90, <https://doi.org/10.46281/ijfb.v13i1.1977>.
85. Oyedokun Godwin, Enyi Patrick, Dada Samuel. Forensic accounting techniques and integrity of financial statements: An Investigative approach, *Journal of African interdisciplinary studies*, 2(3) 2018
86. Taiya Haziel Mbasiti, "Forensic Accounting Techniques: Tools for Preventing Revenue Leakages in Nigerian Federal Universities" 6, no. 5 (2021).
87. Oluwatoyin Esther Akinbowale, Heinz Eckart Klingelhöfer, and Mulatu Fikadu Zerihun, "An Innovative Approach in Combating Economic Crime Using Forensic Accounting Techniques," *Journal of Financial Crime* 27, no. 4 (June 29, 2020): 1253–71, <https://doi.org/10.1108/JFC-04-2020-0053>.

Chapter Three

Methodology

This chapter addresses the methodology employed in carrying out this research work. The chapter was organized under the following sub-headings: research design, population of the study, sample and sampling techniques, research instrument, validity of the instrument, reliability of the instrument, method of data collection, and method of data analysis.

3.1 Research Design

The study employed a descriptive research survey design which is within the quantitative research method. This design is suitable for examining the effect of Audit Quality on the Value Relevance of Accounting Information of selected oil and gas companies in Nigeria using Forensic Accounting Techniques as a moderating variable. This design allows for a wide variety of research methods to investigate one or more variables to substantiate the objective of the study.

3.2 Population of the Study

The study population comprises all the directors and management staff of the active traders in the listed oil and gas companies in the Nigeria Stock Exchange market and this has a total of 171 staffs. The selection of the directors and management staff is based on the fact that these are the set of people who have the information regarding the value relevance of accounting information in their firm and are in the best position to provide this information. They are also the ones that make use of the financial information to make strategic decisions on behalf of the organization. The Management team used are the Executive Officers, Operating Officers, Finance Managers, Human Resource Managers, Marketing Officers, and Technology officers. The geographical location is based on the premise that the some of head

office of these companies are based in Lagos and Abuja. The following oil and gas companies were used: Capital Oil PIC, Conoil PLC, Eterna PLC, Japaul Gold services, MRS, Oando PLC, Seplat, Total Energies. The companies were selected due to the fact that they are listed on the Nigeria stock exchange market¹. The choice of Lagos as the geographical setting for this study is due to the accessibility to information as most of the head offices of the listed oil and gas companies are in Lagos.

Table 3.1: Population Frame

S/N	Oil and Gas Companies	Target Management staff population	Number of Directors
1	Capital Oil PLC	12	8
2	Conoil Plc	12	11
3	Eterna PLC	12	8
4	Japaul Gold & Ventures	12	5
5	MRS	12	7
6	Oando PLC	12	11
7	Seplat	12	16
8	Total Energies	12	9
	Total	96	75

3.3 Sample and Sampling Technique

The population of the study is relatively small hence this study intends to adopt the total enumeration method. This study used a total enumeration sampling technique. Total enumeration sampling is a type of purposive sampling technique where the researcher choose

to examine the entire population that has a particular set of characteristics.² This is a type of purposive sampling technique that involves examining the entire population that has similar characteristics. Purposive sampling allows the researchers the ability to use some specific characteristics to identify and select appropriate respondents for the study. In this study, the directors and management teams of the companies were purposely chosen because they are the key stakeholders who make decisions with a company's financial information.

3.4 Research Instrument

A structured questionnaire was adopted as the study's instrument. This helped in the collection of feedback based on the perception and opinion of the respondents, it is also suitable for collecting data from respondents within a short period on current issues, and it enhances quantitative data analysis. The questionnaire consists of a section relating to the bio data of the respondents, information measuring value relevance of financial information (i.e. Market Value of equity, Book value of Asset, and Earning), Audit Quality (i.e. Quality of Audit Professional, audit process, and audit results) as the dependent and independent variables while using Forensic Accounting Techniques (Data Mining techniques, Computer Assisted Tools, Trend Analysis, Ratio Analysis, Expenditure Trend Approach) as the moderating variable.

3.5 Validity of the Research Instrument

The research instruments were validated based on face and content validity to evaluate the extent to which a construct's operationalization measures what it tends to measure. To determine the face and content validity of the instrument, the questionnaires was shown to the supervisor and other senior academic staffs in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan.

They will determine the appropriateness of the instruments in measuring what it is supposed to measure and also ensure that the instruments contain the appropriate items that could elicit the intended responses on Audit Quality, Forensic Accounting techniques, and Value Relevance of selected oil and Gas companies in Nigeria. Necessary corrections and restructuring based on their comments, modifications, and recommendations will be made.

3.6 Reliability of the Research Instrument

The researcher subjected the questionnaire to test reliability. Internal consistency was used to establish the consistency of responses from the questionnaire. This is to ensure the findings are similar under different conditions.

3.7 Method of Data Collection

Primary data was collected to address the objectives of this study. This is because it helps to reduce the chances of obtaining incorrect data and equally provides the opportunity to gain a better understanding of the respondents under investigation. The primary data was collected using a structured questionnaire in line with existing studies.

The copies of the questionnaire were self-administered. This method led to a high response rate. The researcher ensured that the variables in the questionnaire distributed were properly explained to the respondents.

3.8 Methods of Data Analysis

The study adopted descriptive and inferential statistics to analyze the data. Descriptive statistics were used to summarize the data and presented it in the form of tables, charts, and graphs as this helped the researcher to give a general overview of the data and provided quantitative information about the data characteristics through frequencies, mean, standard deviation, percentage and relative importance index of the dependent and independent

variables. Inferential statistics was used to make inferences about the population from which the sample was drawn.

The inferential statistics were to test and substantiate the hypotheses formulated for this study. These descriptive and inferential statistics were carried out through the use of multivariate Analysis

Table 3.2: Method of Data Analysis

S/N	Hypotheses	Analytical Technique
H ₀₁	There is no significant relationship between Audit Professionals and the Value Relevance of selected Oil and Gas sectors in Nigeria	Multiple regression analyses
H ₀₂	There is no significant relationship between the Audit Process and the Value Relevance of selected Oil and Gas sectors in Nigeria	Multiple regression analyses
H ₀₃	There is no significant relationship between Audit Results and the Value Relevance of selected Oil and Gas sectors in Nigeria	Multiple regression analyses
H ₀₄	Forensic Accounting Techniques do not have a moderating influence on the impact of sustainable audit quality and value relevance	Multiple regression analyses

Source: Research Study (2024)

This study adopted a multiple regression function to express the conceptual model of this study and this was done to establish the effect the Audit Quality on Value Relevance; and the moderating effect of Forensic Audit Techniques in Lagos State.

Model Specification

$$Y = f(X)$$

Y = Dependent variable: Value Relevance (RV)

X= Independent variable: Audit Quality (AQ)

Z= Moderating variable: Forensic Accounting Techniques (FAT)

The independent variable- Contextual Factors (CFs) is measured as:

x_1 = Quality of Audit Professional (APr),

x_2 = Audit Process (APs),

x_3 = Audit Result (AR)

The dependent variable- Sustainability (ST) Y is measured as:

y_1 = Book Value of Asset (BVA),

y_2 = Book Value of Equity (BVE)

y_3 = Earning (EA)

The moderating variable – Forensic Accounting Technique (FAT) is Z

The following acronyms are compiled to represent the dependent, moderating, and independent variables under investigation in the present study. They are as follows;

VR= (BVA, BE, EA)

AQ = (APr, APs, AR)

By substituting the acronyms of each variable in the regression model, the researcher presents the following:

$$Y = \beta_0 + \beta_1 X_1 + e_i \dots \text{Regression equation 1}$$

$$ST = \beta_0 + \beta_1 FL_1 + e_i \dots \text{Regression equation 1}$$

$$Y = f(x_2)$$

$$y_2 = \beta_0 + \beta_1 x_2 + e_i \dots \text{Regression equation 2}$$

$$ST = \beta_0 + \beta_1 FA_1 + e_i \dots \text{Regression equation 2}$$

$$Y = f(x_3)$$

$$y_2 = \beta_0 + \beta_1 x_3 + e_i \dots \text{Regression equation 3}$$

$$ST = \beta_0 + \beta_1 DM_1 + e_i \dots \text{Regression equation 3}$$

$$Y = f(X)$$

$$Y = \beta_0 + \beta_1 X + e_i \dots \text{Regression equation 4}$$

$$ST = \beta_0 + \beta_1 CFs + e_i \dots \text{Regression equation 4}$$

$$Y = f(X*Z)$$

$$Y = \beta_0 + \beta_1 X + \beta_3 Z_i + \beta_1 X * Z_i + e_i \dots \text{Regression equation 5}$$

$$Y = \beta_0 + \beta_1 CFs + \beta_3 BK_i + \beta_1 CFs * BK_i + e_i \dots \text{Regression equation 5}$$

Where:

β_0 = the intercept expected value of y when x is equal to zero.

β = the Coefficient of the independent variable (it is the rate of change in y with respect to x).

e = the error term to accommodate the effect of other variables that can influence sustainability but which were not included in the model.

Lead City University Ibadan DO NOT COPY

Endnotes

1. Listed oil and Gas companies <https://ngxgroup.com/exchange/trade/equities/listed-companies/>
2. <https://www.coursehero.com/file/53904316/Total-EnumerationSampling2docx/#:~:text=page%20of%202,Total%20Enumeration%20Sampling%20Total%20enumeration%20sampling%20is%20a%20type%20of,that%20make%20up%20the%20population>

Lead City University Ibadan DO NOT COPY

Chapter Four

Results and Discussion of Findings

This chapter offers the empirical results from the data analysis, an interpretation of the findings, and a discussion of the study results. Thus, this chapter presents the analyses of the data collected in the field survey. The analysis is mainly drawn from primary data collected through structured questionnaires. Descriptive statistics were adopted to analyze the variables in the questionnaire and answer the research question. Inferential statistics were used to test and substantiate the hypotheses formulated. Hypothesis 1-4 was tested using partial least square-structural equation modeling

4.1 Demographic Data Analysis

4.1.1 Analysis of Questionnaires Distributed

A total of 171 (One Hundred and Seventy-one) copies of the questionnaire were administered, and 147 were properly filled making it valid for use. A total of 24 were incomplete thereby making them invalid and not fit for use. The valid questionnaire represented an 85.9% response rate. The high response rate was recorded as the researcher administered the instruments with the help of research assistants who put concerted efforts to regularly visit the respondents to request them to fill out the instrument, sometimes to clarify queries from the respondents, and to prompt the respondents to fill the questionnaire. The response results are presented in the table below

Table 4.1: Response Rate

Responses	Frequency	Percent
Completed Usable copies of the questionnaire	147	85.9
Unuseable, unreturned, and disqualified questionnaires	24	14.1
Total	171	100

Source: Field Survey, 2024

4.1.2 Demographic Characteristic of Respondents

4.2 Socio-Demographic Analysis

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	94	63.9	63.9	63.9
	Female	53	36.1	36.1	100
	Total	147	100	100	
Age	21-30 years	12	8.3	8.3	8.3
	31-40 years	49	33.3	33.3	41.6
	above 50 years	86	58.3	58.3	100
	Total	147	100	100	
Academic Qualification	Bachelor's Degree	12	8.3	8.3	8.3
	MBA/MSc	123	83.3	83.3	91.6
	PHD	8	5.6	5.6	97.2
	Others	4	2.8	2.8	100
	Total	147	100	100	
Professional Qualification	ICN/ANAN/ACCA	110	74.8	74.8	74.8

	CIBN	8	5.44	5.44	80.24
	CITN	4	2.7	2.7	82.94
	Others	25	17.06	17.06	100
	Total	147	100	100	
Role	Director	27	18.4	18.1	18.1
	Manager	28	19	19.4	37.5
	Accountant	80	54.4	54.4	91.9
	Officer	12	8.2	8.2	100
	Total	147	100	100	
Experience	1-5 years	16	10.88	10.88	10.88
	6-10 years	25	17.0	17.0	27.88
	11-15 years	28	19.0	19.0	46.88
	More than 15 years	78	53.1	53.12	100
	Total	147	100	100	

Source: Field Survey, 2024

This section consist of background and respondents information that describes basic characteristics such as gender of the respondents, age of the respondents, academic qualification, professional qualification, role in the company and experience. To this effect, the results are presented in Tables 4.2.

Table 4.2 presents the demographic and personal profile of respondents used for this study. Demographic and personal profile of respondents as shown in table 4.2 profile of gender indicated that 46 respondents representing 63.9% were male while 26 respondents representing 36.1% were female, indicating that most of the respondents were male. Demographic and personal profile of respondents as shown in table 4.2 by age revealed that 8.3% were between the age range of 21-30 years, 24respondents representing 33.3% of the respondents were between 31-40 years and 42 respondents representing 58.3% were above 50 years. This statistics shows that the highest age range were respondents. Meanwhile, 6 respondents representing 8.3% were Bachelors degree

holder while 60 respondents which represent 83.3% were holders of MBA/MSc degree, 4 respondents representing 5.6% have a PhD degree while 2 respondents representing 2.8% of the respondents represent other degrees not listed in the instrument. Furthermore, 54 respondents representing 75% have an ICAN professional qualification while 4 respondents representing 5.6% have CIBN professional qualification, 2% representing 2.8% have CITN certifications while 12 respondents representing 16.7% have certifications from other professional bodies apart from the ones listed in the instrument.

Lead City University Ibadan DO NOT COPY

4.2 Presentation of Data

4.2.1 Value Relevance of Accounting Information

S/N	Description	Mean	Std. Deviation
Market Value of Equity: The market value of Equity reflects			
1.	The financial health of my company	3.93	1.155
2.	Share price of my organization	3.82	1.092
3.	Company's stock Price	3.68	1.149
4.	Changes in accounting practices	2.64	1.039
Book Value of Asset: The Book value of Assets reflects			
5.	The true value of assets	2.65	1.269
6.	Book Value per Share	3.35	1.128
7.	Asset performance	3.46	1.074
8.	Historical cost	3.92	0.868
Items of Earnings: The Information on the Earnings truly reflects			
9.	Net Income	3.93	0.877
10.	Earnings before Interest and Tax	3.83	0.888
11.	Earnings per share	3.82	0.983
12.	Operating Profit Margin	3.82	0.718

Source: Field Survey, 2024

From table 4.2.1, it was revealed that majority of the respondents did not agree to almost all the items measuring the market value of equity. The financial health of the company, share price of the organisation, company's stock price are measures of Market Value of Equity that the respondents agreed slightly influence the value relevance of accounting information

majority of the respondent did not agree that changes in accounting practice influence the market value of equity.

Likewise the mean figures from the Book Value of Asset shows that the respondent were of the opinion that book value per share, asset performance, and historical cost slightly reflects the book value of asset of a company while a majority were not in support of historical cost reflecting the book value of the asset of a company.

In addition the respondents believes that the net income, earnings before interest and tax, earnings per share and operating profit margin all reflect the state of the earning of a company.

4.2.2 Descriptive Analysis of Audit Quality

S/N	Description	Mean	Std. Deviation
Quality of Audit Professionals- The Auditor observes			
1.	Professional Skepticism	3.87	1.047
2.	Independence	4.18	1.012
3.	Objectivity	4.21	0.804
4.	Expertise and Experience	4.29	0.659
5.	Timeliness and Responsiveness	4.15	0.597
6.	Integrity	4.19	0.833
7.	Post Audit Review	4.04	0.74
Audit Process- The Auditor observes			
8.	The level of internal control system	4.35	0.891
9.	Audit planning adequacy	3.99	0.942
10.	Communicate with Management and Stakeholders	4.1	0.906
11.	Assess associated risks effectively	3.94	0.803
12.	Audit Documentation Quality	4.21	0.855

13.	Adhere to the Audit Schedule	4.18	0.811
Audit Result- The Auditor expresses opinion on			
14.	Materiality Assessment	4.33	0.605
15.	Follow-up and Resolution Rate	3.86	0.793
16.	Regulatory Compliance	4.19	0.898
17.	Management and Audit Committee Response	4.15	0.833
18.	Financial Statement Adjustments	3.81	1.002

Source: Field Survey, 2024

From table 4.2.2, it was revealed that the respondents agreed to almost all the items measuring audit quality. That is majority of them agree to the importance of these variables in determining the quality of an audit. The response from quality of audit professionals showed that majority of the respondents agreed to the fact that independence, objectivity, expertise and experience, timeliness and responsiveness, integrity, post audit review contribute to the quality of audit professionals that assess the reports presented to the shareholders (this was revealed through the mean figures of 4.18, 4.21, 4.29, 4.15, 4.19, 4.04 respectively) while quite a number of them do not agree that professional skepticism affect the quality of audit professionals engaged in audit exercises This was revealed through the average mean of 3.87 gotten from the analysis)

An analysis of the audit process explains that majority of the respondents agree that audit process is largely characterized by the level of internal control, communication with management and stakeholders, audit documentation quality, adherence to the audit schedule(this is characterized by a mean of 4.35, 4.1, 4.21, and 4.18 respectively). Whereas the respondents were of the opinion that auditors really don't observe audit planning

adequacy and assess associated risks effectively (this was represented in through the mean 3.99 and 3.94 respectively)

In addition, the mean from audit result showed that most of the respondent believe that materiality assessment, regulatory compliance, management and audit committee responses are factors to consider when preparing the audit report by the auditor (this was represented through the mean which are 4.33, 4.19 and 4.15). A few respondents agree that financial statement adjustments, follow up and resolution rates are significant to the audit result prepared by the auditors (these were revealed through the mean 3.86 and 3.81 respectively)

4.2.3 Descriptive Analysis of Forensic Accounting Techniques

S/N	Description	Mean	Std. Deviation
	Forensic Accounting Techniques- The Auditors use the following during their audit exercise		
	Data mining techniques	3.82	0.757
	Computer-assisted Tools	3.99	0.927
	Trend Analysis	4.13	0.627
	Ratio Analysis	4.07	0.909
	Expenditure trend approach	4.15	0.705

Source: Field Survey, 2024

From table 4.2.3, it is revealed that the respondents agreed to almost all the forensic accounting techniques to be included in the audit process. Most of the respondents agreed that trend analysis, ratio analysis and expenditure approach are techniques that are to be included in the audit process to enhance the quality of report by the auditor. This was revealed through the mean analysis of (4,13. 4.07 and 4.15 respectively). The mean also revealed that the respondent

4.2.2 Test of Hypotheses

Hypothesis One: There is no significant relationship between Audit Quality and the Book Value of Asset of selected Oil and Gas sectors in Nigeria

Using the Smart PLS Statistical platform version 4.0, the Partial Least Square Structural Equation Model (PLS-SEM) was selected to test the first hypothesis. The study employed the PLS algorithm command, which is suitable for relationship prediction. It performed blindfolding to ascertain the predictive relevance of the given structural model and bootstrapping to determine the predictions significance level. Therefore, rather than using SPSS to conduct an isolated analysis, PLS-SEM (via SmartPLS) is a more sophisticated multi-variate analytical techniques that can perform multiple regression, factor analysis and provide a pictorial model of the interactions in a study with the push of a single command.

The reflective measurement model was used to assess the factor loading of audit quality and book value of asset. Audit quality is categorized into audit process, audit professional, and audit result. A total of eighteen (18) items was used in the study to assess the factor loading of the audit quality and four (4) items was used for book value of asset. The analysis shows that the loading was between 0.60 and 0.90, but the items below 0.60 were removed from the analysis¹. Thus AUDR5, AUDPROF1 from audit quality construct was removed from the model because it was less than 0.60. Also, BVA4 was removed from the book value of the asset construct. (see Table 4.5)

Table 4.2.4: Factor Loading of Audit Quality and Book Value of Asset

	AUDP	AUDR	AUDPROF	BVA
AudP1	0.742			
AudP2	0.883			

AudP3	0.881		
AudP4	0.850		
AudP5	0.851		
AudP6	0.708		
AudR1		0.732	
AudR2		0.611	
AudR3		0.737	
AudR4		0.931	
AudPROF2			0.803
AudPROF3			0.868
AudPROF4			0.842
AudPROF5			0.756
AudPROF6			0.866
AUDPROF7			0.737
BVA1			0.819
BVA2			0.761
BVA3			0.781

Note: Audit Process (AUDP); Audit Professional (AUDPROF); Audit Result (AUDR), Book Value of Asset (BVA)

Table 4.2.5 Composite Reliability, Average Variance Extracted (AVE) and Discriminant Validity (Fornell-Lacker Criterion)

	AVE	CR	Audit Process	Audit Professional	Audit Quality	Audit Result	Book Value of Asset
Audit Process	0.676	0.912	0.822				
Audit Professional	0.662	0.902	0.717	0.814			
Audit Quality	0.532	0.947	0.916	0.920	0.730		
Audit Result	0.580	0.844	0.743	0.759	0.881	0.761	
Book Value of Asset	0.620	0.701	0.362	0.415	0.422	0.345	0.787

Source: Field Survey, 2024

The composite reliability was examined to ensure the items for audit quality and book value of asset are similar. Values from 0.70 to 0.90 is good, but values from 0.95 and above is considered problematic¹. This values are between 0.70 and 0.90, which shows that the composite reliability is adequate for the study (see Table 4.6).

The average variance extract (AVE) was assessed to explain how much of the indicator variance can be explained by the latent variable. From the analysis, all the variables are above 0.50, which is the acceptable threshold for the model. This indicates that the AVE for the study is adequate(see Table 4.6).

Discriminant validity was assessed using the Fornell-Lacker criterion, cross-loading and heterotrait-monotrait (HTMT) ratio. The Fornell-Lacker criterion explains that the square root of the construct AVE should be greater than its correlation with other variables. However, not all the AVE are greater than other inter-construct correlations, thus, this study assessed the cross-loading for discriminant validity as Fornell-Larcker Criterion fails to do so(see Table 4.6)². Cross-loading items are higher than the items in the row and column of the table, which supports discriminant validity (see Table 4.7). The Heterotriat-Monotriat-HTMT explains that the upper bound of the 95 percent confidence interval of HTMT should be lower than 0.90, thus, the confidence interval within this study is between 0.40 and 0.70, which makes the discriminant validity acceptable.

Table 4.2.6: Cross Loading for Discriminant Validity

	AUDP	AUDR	AUDPROF	BVA
AudP1	0.742	0.371	0.481	0.224
AudP2	0.883	0.516	0.545	0.317
AudP3	0.881	0.500	0.580	0.445
AudP4	0.850	0.809	0.729	0.296
AudP5	0.851	0.771	0.662	0.329
AudP6	0.708	0.619	0.489	0.144
AudR1	0.532	0.732	0.518	0.317
AudR2	0.316	0.611	0.326	-0.512
AudR3	0.577	0.737	0.614	0.348
AudR4	0.742	0.931	0.755	0.326
AudPROF2	0.545	0.567	0.803	0.193
AudPROF3	0.507	0.672	0.868	0.350
AudPROF4	0.634	0.673	0.842	0.361
AudPROF5	0.583	0.474	0.756	0.320
AudPROF6	0.651	0.769	0.866	0.468
AUDPROF7	0.570	0.514	0.737	0.312
BVA1	0.157	0.304	0.193	0.819
BVA2	0.364	0.283	0.251	0.761
BVA3	0.287	0.240	0.466	0.781

Source: Field Survey, 2024

Table 4.2.7: Discriminant Validity (Heterotriat-Monotriat-HTMT)

	Book Value of Asset	CONFIDENCE INTERVAL	
		2.5%	97.5%
Audit Process	0.421	0.514	0.750
Audit Professional	0.481	0.328	0.545
Audit Result	0.510	0.259	0.474
Audit Quality	0.494	0.449	0.657

Source: Field Survey, 2024

Table 4.8: Common Method Bias: Latent Variable Correlation

	Audit process	Audit Professional	Audit Quality	Audit Result	Book Value of Asset
Audit Process	1				
Audit Professional	0.717	1			
Audit Quality	0.616	0.720	1		
Audit Result	0.453	0.759	0.781	1	
Book Value of Asset	0.362	0.415	0.442	0.345	1

Source: Field Survey, 2024

Common method bias was assessed in this study using the correlation matrix procedure³. The latent variables are between 0.30 and 0.70 and not found to be more than 0.90 between construct. This shows that the issue of common method bias was not found in the study (see Table 4.8).

I. Structural Model Assessment

Table 4.9: Collinearity Statistic (VIF)

	VIF Values
Audit Process	2.544
Audit Professional	2.567
Audit Result	2.913

Source: Field Survey, 2024

The sub-variables for audit quality tested for collinearity include audit process, audit professional, and audit result (see Table 4.9). The result revealed that sub-variables of audit quality are between 2.5 and 2.9, which are less than 3.3. This indicates that VIF values are within the threshold value¹. It also implies that there are no collinearity issues between the construct and are free from common method bias.

Table 4.10: Structural Model Result of Audit Quality and Book Value of Asset

Path	Coefficient	Standard Deviation	T-Value	P-Value	Decision
Audit Process -> Audit Quality	0.434	0.034	12.869	0.000	
Audit Professional -> Audit Quality	0.436	0.032	13.613	0.000	
Audit Result -> Audit Quality	0.228	0.027	8.350	0.000	
Audit Process -> Book Value of Asset	0.183	0.045	4.095	0.000	
Audit Professional -> Book Value of Asset	0.184	0.052	3.540	0.000	

	Book Value of Asset					
	Audit Result ->					
	Book Value of Asset	0.096	0.025	3.922	0.000	
	Audit Quality ->					
H1	Book Value of Asset	0.436	0.116	3.685	0.000	Supported
	R ²	0.178				
	R ² Adjusted	0.166				
	F ²	0.216				
	SRMR	0.141				

Source: Field Survey, 2024

The F² result indicates that the relationship between audit quality and the book value of the asset (0.216) is moderate. This implies that the effect size of audit quality on the book value of the asset is moderate (see Table 4.10).

The coefficient of the determinant (R²) is assessed to measure the level of variance of book value of asset as explained by audit quality. The analysis revealed that the R² for the book value of asset is small at R²= 0.178, which implies that a 17.8% variance of the book value of asset is explained by audit quality, which includes: the audit process, audit professional, and audit result (see Table 4.10).

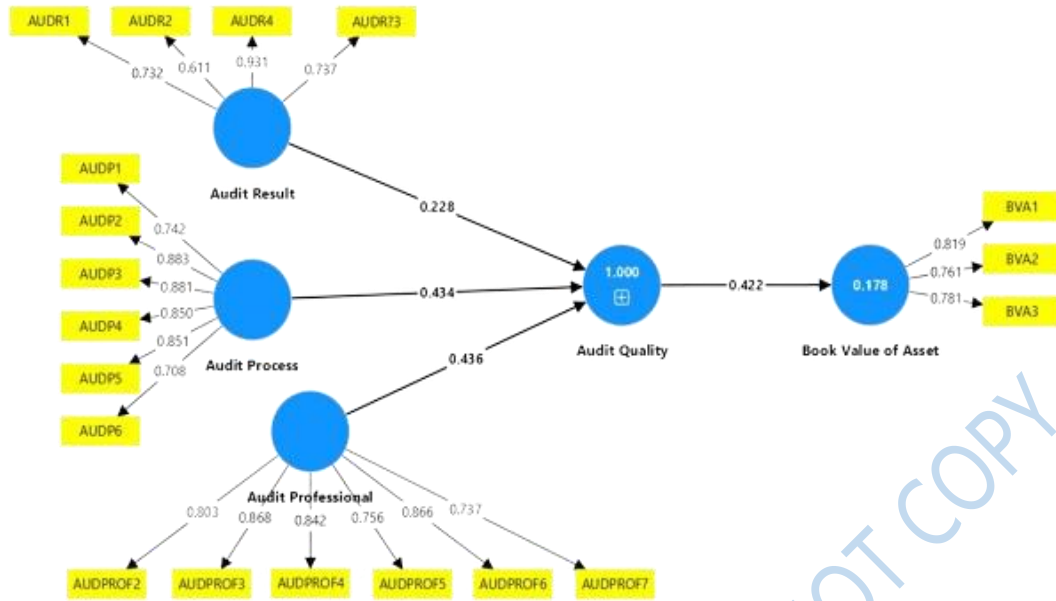


Figure 4.1: PLS Algorithm Model of Audit Quality and Book Value of Asset

Source: Field Survey, 2024

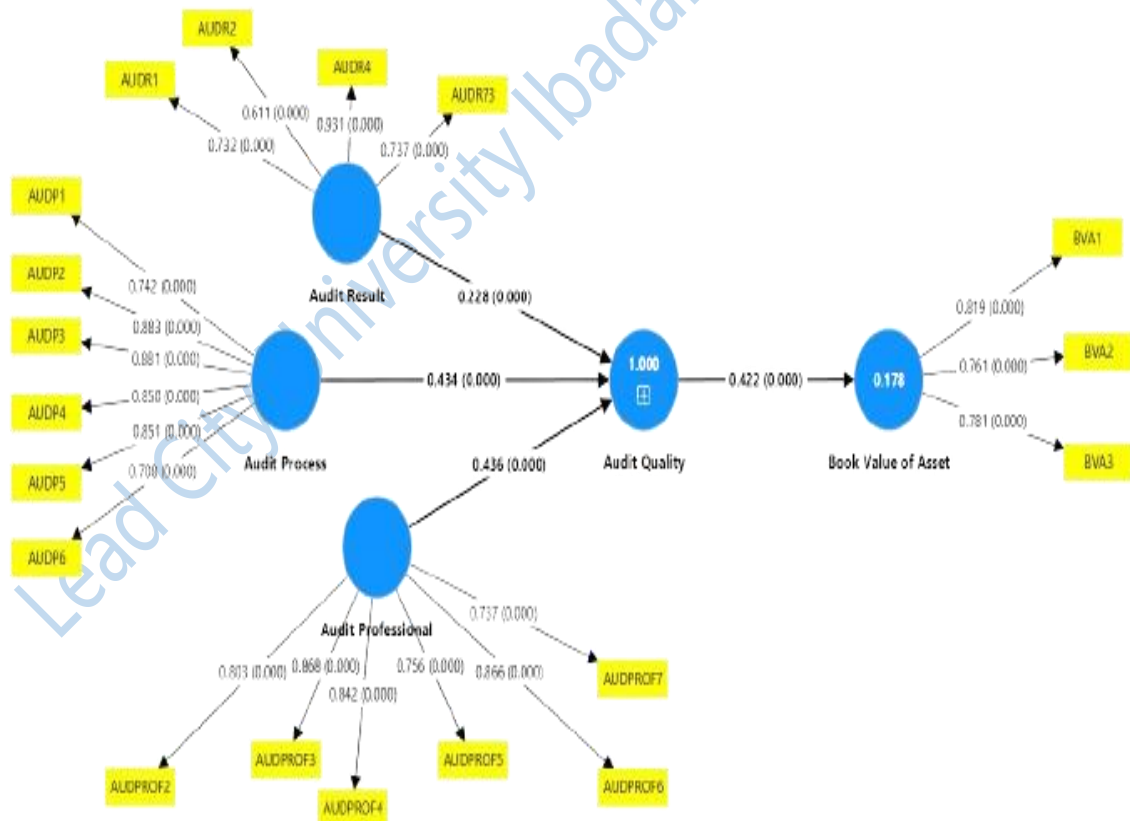


Figure 4.2: Bootstrapping Model of the P-value Audit Quality and Book Value of Asset

Source: Field Survey, 2024

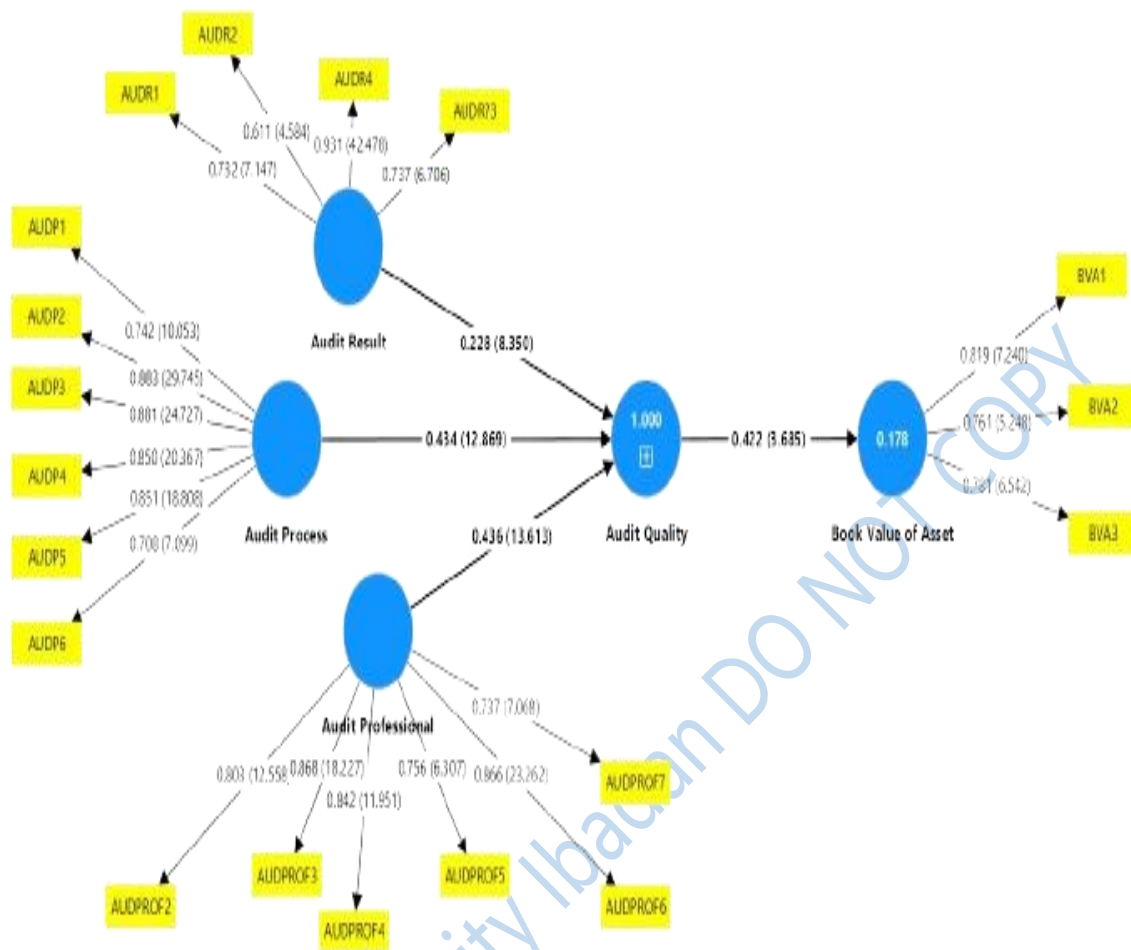


Figure 4.3: Bootstrapping Model of the F-value Audit Quality and Book Value of Asset
 Source: Field Survey, 2024

The direct effect of path coefficient and T-value for the overall construct include; audit quality and book value of asset ($\beta= 0.436$, $t= 3.685$, $P\text{-value}= 0.00$) (See Figure 4.2 & 4.3). This implies that audit quality has a significant effect on book value of asset.

The indirect effect of path coefficient and T-value for the relationship between audit process and the book value of the asset is ($\beta= 0.183$, $t= 4.095$, $P\text{-value}= 0.00$), audit professional and book value of an asset ($\beta=0.184$, $t=3.540$, $P\text{-value}= 0.00$), audit result and book value of asset ($\beta=0.096$, $t= 3.922$, $P\text{-value}= 0.00$). This analysis shows that audit professional has the highest contributing factor to explaining the impact of audit quality on book value of asset

(see Figures 4.2 & 4.3). The result further revealed that an increase in audit quality will increase the book value of asset by 0.116 standard deviation. The SRMR for the model is 0.141, which is within the acceptable threshold, thus, the model is considered a good fit (see Table 4.10).

The result shows that the t-value = 3.685 is more than 1.96 and its significant level, $p = 0.00$ is less than 0.05. This implies that the null, which states that audit quality does not have a significant effect on book value of asset is rejected. Therefore, the alternative hypothesis which states that audit quality does have a significant effect on the book value of assets is accepted.

4.2.2.2 Hypothesis Two: There is no significant relationship between the Audit Quality and the Market Value of Equity of selected Oil and Gas sectors in Nigeria

Reflective Measurement Model Assessment

The reflective measurement model was used to assess the factor loading of audit quality and market value of equity. Audit quality is categorized into audit process, audit professional, and audit result. A total of eighteen (18) items was used in the study to assess the factor loading of the audit quality and four (4) items was used for market value of equity. The analysis shows that the loading was between 0.50 and 0.90, but the items below 0.60 were removed from the analysis¹. Thus AUDR5, AUDPROF1 from audit quality construct was removed from the model because it was less than 0.60. Also, MVE4 was removed from the market value of the equity construct. (see Table 4.11).

Table 4.11: Factor Loading of Audit Quality and Market Value of Equity

	AUDP	AUDR	AUDPROF	MVE
AudP1	0.742			
AudP2	0.883			
AudP3	0.881			
AudP4	0.850			
AudP5	0.851			
AudP6	0.708			
AudR1		0.730		
AudR2		0.613		
AudR3		0.736		
AudR4		0.931		
AudPROF2			0.804	
AudPROF3			0.868	
AudPROF4			0.842	
AudPROF5			0.756	
AudPROF6			0.866	
AUDPROF7			0.738	
MVE1				0.883
MVE2				0.838
MVE3				0.848

Note: Audit Process (AUDP); Audit Professional (AUDPROF); Audit Result (AUDR), Market Value of Equity (MVE)

Table 4.12 Composite Reliability, Average Variance Extracted (AVE) and Discriminant Validity (Fornell-Lacker Criterion)

	AVE	CR	Audit Process	Audit Professional	Audit Quality	Audit Result	Market Value of Asset
Audit Process	0.676	0.912	0.822				
Audit Professional	0.662	0.902	0.717	0.814			
Audit Quality	0.532	0.947	0.922	0.914	0.730		
Audit Result	0.580	0.810	0.742	0.758	0.881	0.761	
Market Value of Equity	0.733	0.831	0.519	0.376	0.478	0.361	0.856

The composite reliability was examined to ensure the items for audit quality and market value of equity are similar. Values from 0.70 to 0.90 is good, but values from 0.95 and above is considered problematic¹. These values are between 0.70 and 0.90, which shows that the composite reliability is adequate for the study (see Table 4.12).

The average variance extract (AVE) was assessed to explain how much of the indicator variance can be explained by the latent variable. From the analysis, all the variables are above 0.50, which is the acceptable threshold for the model. This indicates that the AVE for the study is adequate (see Table 4.12).

Discriminant validity was assessed using the Fornell-Lacker criterion, cross-loading and heterotrait-monotrait (HTMT) ratio. The Fornell-Lacker criterion explains that the square root of the construct AVE should be greater than its correlation with other variables. However, not all the AVE are all greater than other inter-construct correlation, thus, this study assessed the cross-loading for discriminant validity as Fornell-Larcker Criterion fails to do so² (see Table 4.12). Cross loading items are higher than the items in the row and column of the table, which support discriminant validity (see Table 4.13). The Heterotriat-Monotriat-HTMT explains that the upper bound of the 95 percent confidence interval of

HTMT should be lower than 0.90, thus, the confidence interval within this study is within 0.5 and 0.70, which makes the discriminant validity acceptable.

Table 4.13: Cross Loading for Discriminant Validity

	AUDP	AUDR	AUDPROF	MVE
AudP1	0.742	0.371	0.482	0.461
AudP2	0.883	0.515	0.544	0.518
AudP3	0.881	0.499	0.580	0.428
AudP4	0.850	0.809	0.730	0.404
AudP5	0.851	0.770	0.662	0.414
AudP6	0.708	0.619	0.489	0.343
AudR1	0.531	0.730	0.518	0.120
AudR2	0.316	0.613	0.326	0.174
AudR3	0.577	0.736	0.614	0.373
AudR4	0.742	0.931	0.755	0.377
AudPROF2	0.545	0.567	0.804	0.265
AudPROF3	0.507	0.671	0.868	0.311
AudPROF4	0.638	0.672	0.842	0.310
AudPROF5	0.583	0.473	0.756	0.173
AudPROF6	0.650	0.769	0.866	0.462
AudPROF7	0.570	0.514	0.738	0.286
MVE1	0.412	0.406	0.360	0.883
MVE2	0.323	0.346	0.308	0.838
MVE3	0.565	0.460	0.299	0.848

Table 4.14: Discriminant Validity (Heterotriat-Monotriat-HTMT)

	Market Value of Equity	CONFIDENCE INTERVAL	
		2.5%	97.5%
Audit Process	0.591	0.514	0.755
Audit Professional	0.432	0.428	0.645

Audit Result	0.528	0.349	0.574
Audit Quality	0.439	0.249	0.557

Source: Field Survey, 2024

Table 4.15: Common Method Bias: Latent Variable Correlation

	Audit process	Audit Professional	Audit Quality	Audit Result	Market Value of Equity
Audit Process	1				
Audit Professional	0.717	1			
Audit Quality	0.822	0.814	1		
Audit Result	0.742	0.758	0.880	1	
Market Value of Equity	0.519	0.376	0.478	0.361	1

Source: Field Survey, 2024

Common method bias was assessed in this study using the correlation matrix procedure³. The latent variables are between 0.40 and 0.70 and not found to be more than 0.90 between construct. This shows that the issue of common method bias was not found in the study (see Table 4.15).

II. Structural Model Assessment

Table 4.16: Collinearity Statistic (VIF)

	VIF Values
Audit Process	2.542
Audit Professional	2.688
Audit Result	2.909

Source: Field Survey, 2024

The sub-variable for audit quality tested for collinearity include audit process, audit professional and audit result (see Table 4.16). The result revealed that sub-variables of audit quality are between 2.5 and 2.9, which are less than 3.3. This indicates that VIF values are within the threshold value¹. It also implies that there are no collinearity issues between the construct and are free from common method bias.

Table 4.17: Structural Model Result of Audit Quality and Market Value of Equity

	Path	Standard	T-Value	P-Value	Decision
	Coefficient	Deviation			
Audit Procoess ->					
Audit Quality	0.455	0.040	11.459	0.000	
Audit Professional ->					
Audit Quality	0.415	0.033	12.768	0.000	
Audit Result -> Audit					
Quality	0.227	0.027	8.482	0.000	
Audit Procoess ->					
Market Value of Equity	0.218	0.049	4.474	0.000	
Audit Professional ->					
Market Value of Equity	0.198	0.045	4.363	0.000	
Audit Result ->					
Market Value of Equity	0.109	0.024	4.580	0.000	
Audit Quality ->					
H2 Market Value of Equity	0.478	0.107	4.451	0.000	Supported
R ²	0.228				
R ² Adjusted	0.217				
F ²	0.296				
SRMR	0.140				

Source: Field Survey, 2024

The F^2 result indicates that the relationship between audit quality and market value of equity (0.296) is moderate. This implies that the effect size of audit quality on market value of equity is moderate (see Table 4.17).

The coefficient of determinant (R^2) is assessed to measure the level of variance of market value of equity as explained by audit quality. The analysis revealed that the R^2 for market value of asset is moderate at $R^2= 0.228$, which implies that 22.8% variance of market value of equity is explained by audit quality, which includes: audit process, audit professional and audit result (see Table 4.17).

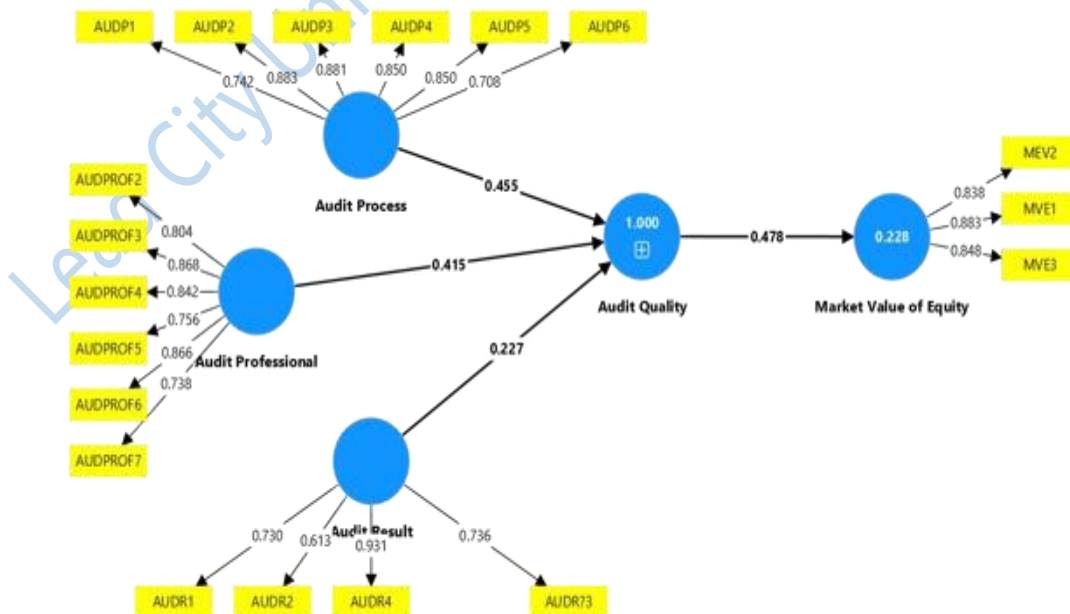


Figure 4.4: PLS Algorithm Model of Audit Quality and Market Value of Equity

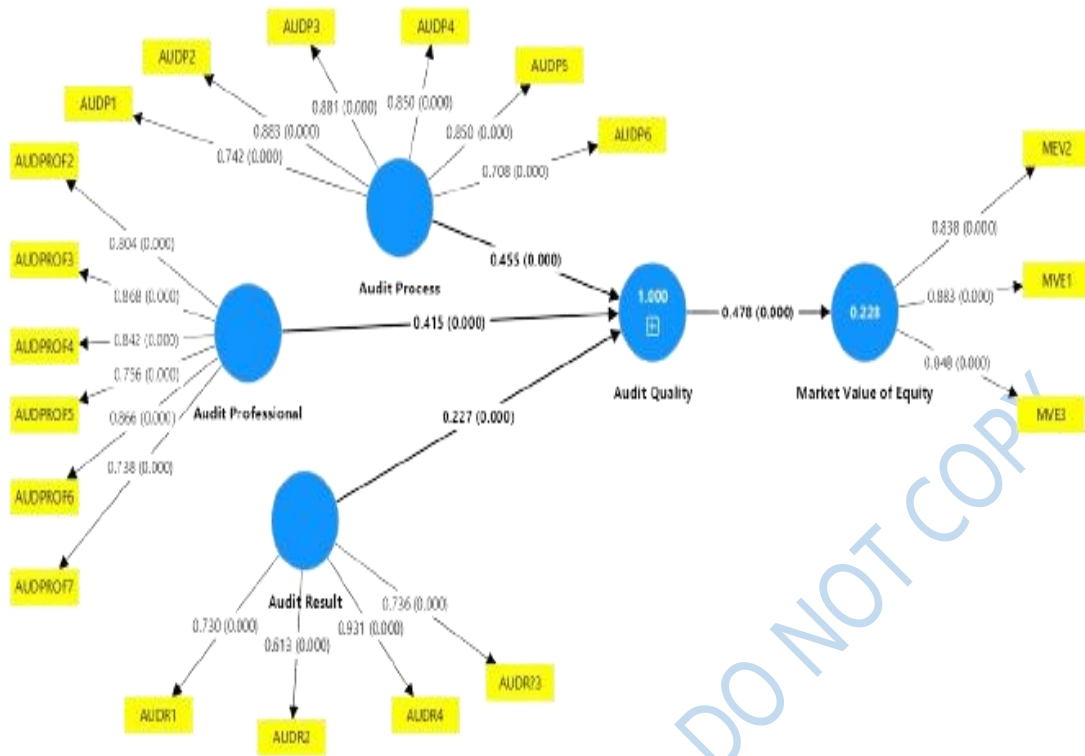


Figure 4.5: Bootstrapping Model of the P-value Audit Quality and Market Value of Equity

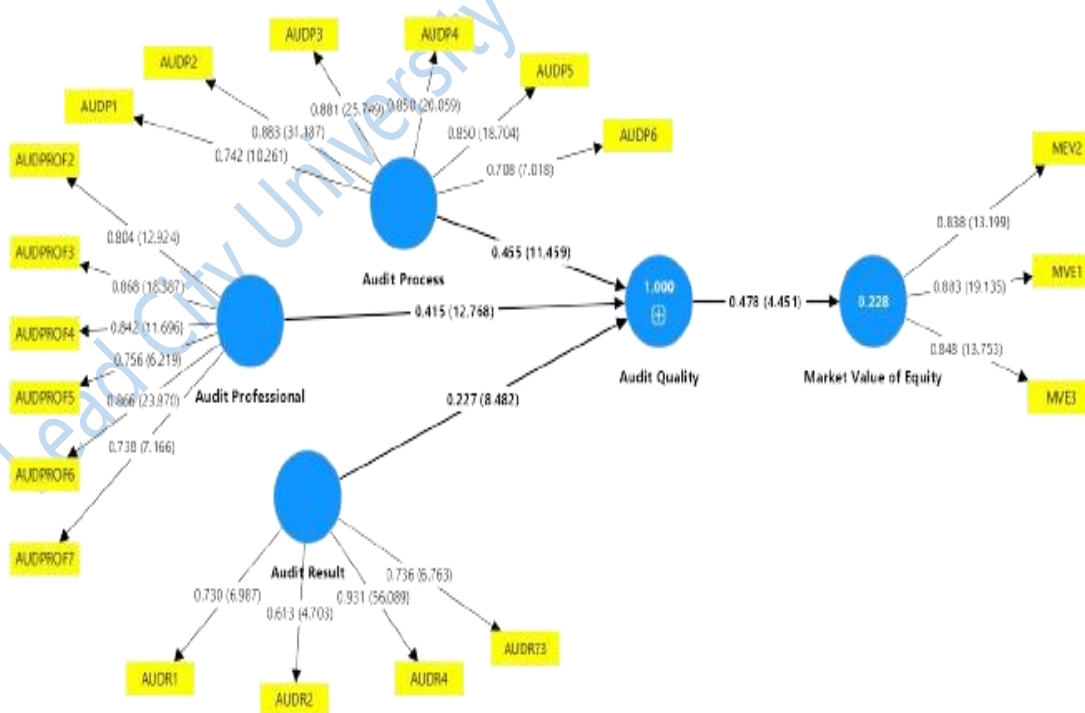


Figure 4.6: Bootstrapping Model of the F-value Audit Quality and Market Value of Equity

The direct effect of path coefficient and T-value for the overall construct include; audit quality and market value of equity ($\beta= 0.478$, $t= 4.451$, $P\text{-value}= 0.00$) (See Figure 4.5 & 4.6). This implies that audit quality has a significant effect on market value of equity.

The indirect effect of path coefficient and T-value for the relationship between audit process and market value of equity is ($\beta= 0.218$, $t= 4.474$, $P\text{-value}= 0.00$), audit professional and market value of equity ($\beta=0.198$, $t=4.363$, $P\text{-value}= 0.00$), audit result and market value of equity ($\beta=0.109$, $t= 4.580$, $P\text{-value}= 0.00$). This analysis shows that audit process has the highest contributing factor to explaining the impact of audit quality on market value of equity (see Figure 4.5 & 4.6). The result further revealed that an increase in audit quality will increase market value of equity by 0.107 standard deviation. The SRMR for the model is 0.140, which is within the acceptable threshold, thus, the model is considered a good fit (see Table 4.17).

The result shows that the t-value = 4.451 is more than 1.96 and its significant level, $p= 0.00$ is less than 0.05. this implies that the null, which states that audit quality does not have a significant effect on market value of equity is rejected. Therefore, alternative hypothesis which states that audit quality does have a significant effect on market value of equity is accepted.

4.2.2.3 Hypothesis Three: There is no significant relationship between Audit Quality and the Earnings of selected Oil and Gas sectors in Nigeria

I. Reflective Measurement Model Assessment

The reflective measurement model was used to assess the factor loading of audit quality and earnings. Audit quality is categorized into audit process, audit professional and audit result. A total of twenty-two (22) items was used in the study to assess the factor loading of the audit quality and four (4) items was used for earnings. The analysis shows that the loading were between 0.50 and 0.90, but the items below 0.60 were removed from the analysis¹. Thus AUDR5, AUDPROF1 from audit quality construct was removed from the model because it was less than 0.60 (see Table 4.18).

Table 4.18: Factor Loading of Audit Quality and Earnings

	AUDP	AUDR	AUDPROF	EARN
AudP1	0.745			
AudP2	0.885			
AudP3	0.883			
AudP4	0.849			
AudP5	0.848			
AudP6	0.705			
AudR1		0.732		
AudR2		0.610		
AudR3		0.737		
AudR4		0.931		
AudPROF2			0.802	
AudPROF3			0.867	
AudPROF4			0.843	
AudPROF5			0.758	

AudPROF6	0.865
AUDPROF7	0.739
EARN1	0.768
EARN2	0.773
EARN3	0.880
EARN4	0.856

Note: Audit Process (AUDP); Audit Professional (AUDPROF); Audit Result (AUDR), Earnings (EARN)
Source: Field Survey, 2024

Table 4.19 Composite Reliability, Average Variance Extracted (AVE) and Discriminant Validity (Fornell-Lacker Criterion)

	AVE	CR	Audit Process	Audit Professional	Audit Quality	Audit Result	Earnings
Audit Process	0.676	0.911	0.822				
Audit Professional	0.662	0.901	0.717	0.814			
Audit Quality	0.532	0.948	0.930	0.907	0.729		
Audit Result	0.580	0.810	0.740	0.759	0.873	0.761	
Earnings	0.674	0.849	0.698	0.377	0.591	0.437	0.821

Source: Field Survey, 2024

The composite reliability was examined to ensure the items for audit quality and earnings are similar. Values from 0.70 to 0.90 is good, but values from 0.95 and above is considered problematic¹. This values are between 0.80 and 0.90, which shows that the composite reliability is adequate for the study (see Table 4.19).

The average variance extract (AVE) was assessed to explain how much of the indicator variance can be explained by the latent variable. From the analysis, all the variables are above 0.50, which is the acceptable threshold for the model. This indicates that the AVE for the study is adequate(see Table 4.19).

Discriminant validity was assessed using the Fornell-Lacker criterion, cross-loading and heterotrait-monotrait (HTMT) ratio. The Fornell-Lacker criterion explains that the square root of the construct AVE should be greater than its correlation with other variables. However, not all the AVE are all greater than other inter-construct correlation, thus, this study assessed the cross-loading for discriminant validity as Fornell-Larcker Criterion fails to do so² (see Table 4.19). Cross loading items are higher than the items in the row and column of the table, which support discriminant validity (see Table 4.20). The Heterotriat-Monotriat-HTMT explains that the upper bound of the 95 percent confidence interval of HTMT should be lower than 0.90, thus, the confidence interval within this study is within 0.5 and 0.70, which makes the discriminant validity acceptable.

Table 4.20: Cross Loading for Discriminant Validity

	AUDP	AUDR	AUDPROF	EARN
AudP1	0.745	0.371	0.483	0.619
AudP2	0.885	0.516	0.546	0.721
AudP3	0.883	0.500	0.581	0.731
AudP4	0.849	0.809	0.729	0.590
AudP5	0.848	0.771	0.662	0.449
AudP6	0.705	0.619	0.490	0.329
AudR1	0.530	0.732	0.519	0.312
AudR2	0.314	0.610	0.326	0.086
AudR3	0.576	0.737	0.613	0.494
AudR4	0.740	0.931	0.755	0.360
AudPROF2	0.543	0.567	0.802	0.188
AudPROF3	0.505	0.672	0.867	0.189
AudPROF4	0.639	0.673	0.843	0.394
AudPROF5	0.583	0.474	0.758	0.356
AudPROF6	0.649	0.770	0.865	0.347

AudPROF7	0.570	0.514	0.739	0.359
EARN1	0.460	0.445	0.306	0.786
EARN2	0.560	0.217	0.245	0.773
EARN3	0.631	0.302	0.364	0.880
EARN4	0.630	0.458	0.314	0.856

Source: Field Survey, 2024

Table 4.21: Discriminant Validity (Heterotriat-Monotriat-HTMT)

	Market Value of Asset	CONFIDENCE INTERVAL	
		2.5%	97.5%
Audit Process	0.591	0.514	0.755
Audit Professional	0.432	0.428	0.645
Audit Result	0.528	0.349	0.574
Audit Quality	0.439	0.249	0.557

Table 4.22: Common Method Bias: Latent Variable Correlation

	Audit process	Audit Professional	Audit Quality	Audit Result	Earnings
Audit Process	1				
Audit Professional	0.717	1			
Audit Quality	0.830	0.807	1		
Audit Result	0.740	0.759	0.873	1	
Earnings	0.698	0.377	0.591	0.437	1

Common method bias was assessed in this study using the correlation matrix procedure³. The latent variables are between 0.40 and 0.80 and not found to be more than 0.90 between construct. This shows that the issue of common method bias was not found in the study (see Table 4.22).

III. Structural Model Assessment

Table 4.23: Collinearity Statistic (VIF)

	VIF Values
Audit Process	2.530
Audit Professional	2.692
Audit Result	2.900

Source: Field Survey, 2024

The sub-variable for audit quality tested for collinearity include audit process, audit professional and audit result (see Table 4.23). The result revealed that sub-variables of audit quality are between 2.5 and 2.9, which are less than 3.3. This indicates that VIF values are within the threshold value¹. It also implies that there are no collinearity issues between the construct and are free from common method bias.

Table 4.24: Structural Model Result of Audit Quality and Earnings

	Path Coefficient	Standard Deviation	T-Value	P-Value	Decision
Audit Procoess -> Audit Quality	0.492	0.057	8.676	0.000	
Audit Professional -> Audit Quality	0.397	0.039	10.107	0.000	
Audit Result -> Audit Quality	0.123	0.030	7.030	0.000	
Audit Procoess -> Earnings	0.291	0.049	5.885	0.000	
Audit Professional -> Earnings	0.235	0.048	4.841	0.000	
Audit Result -> Earnings	0.123	0.030	4.119	0.000	

Earnings

	Audit Quality ->					
H3	Earnings	0.591	0.110	5.389	0.000	Supported
	R ²	0.349				
	R ² Adjusted	0.340				
	F ²	0.537				
	SRMR	0.143				

Source: Field Survey, 2024

The F² result indicates that the relationship between audit quality and earnings (0.537) is high. This implies that the effect size of audit quality on earnings is high (see Table 4.24).

The coefficient of determinant (R²) is assessed to measure the level of variance of earnings as explained by audit quality. The analysis revealed that the R² for earnings is moderate at R²= 0.349, which implies that 34.9% variance of earnings is explained by audit quality, which includes: audit process, audit professional and audit result (see Table 4.24).

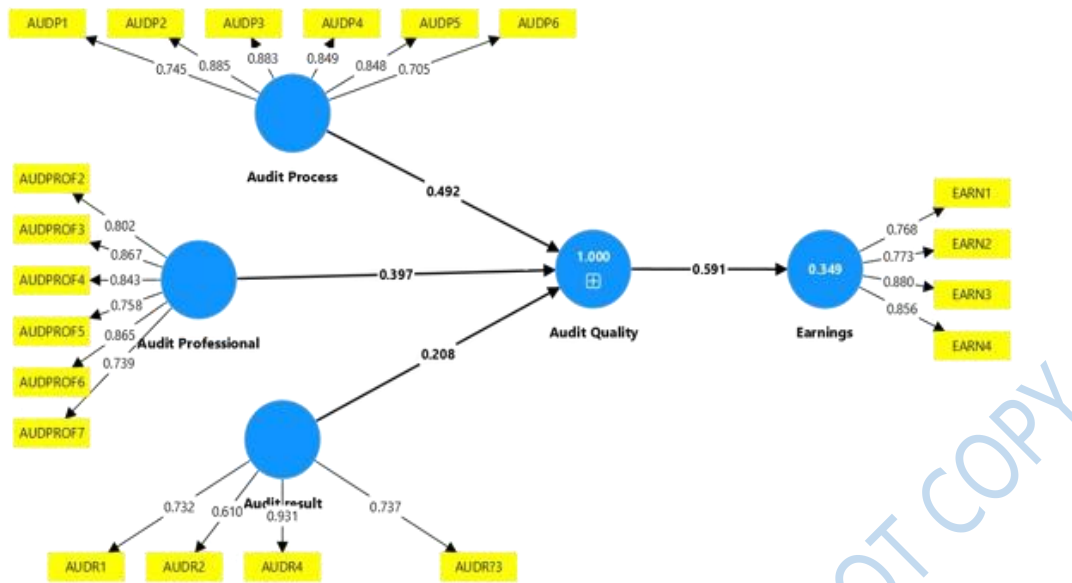


Figure 4.7: PLS Algorithm Model of Audit Quality and Earnings

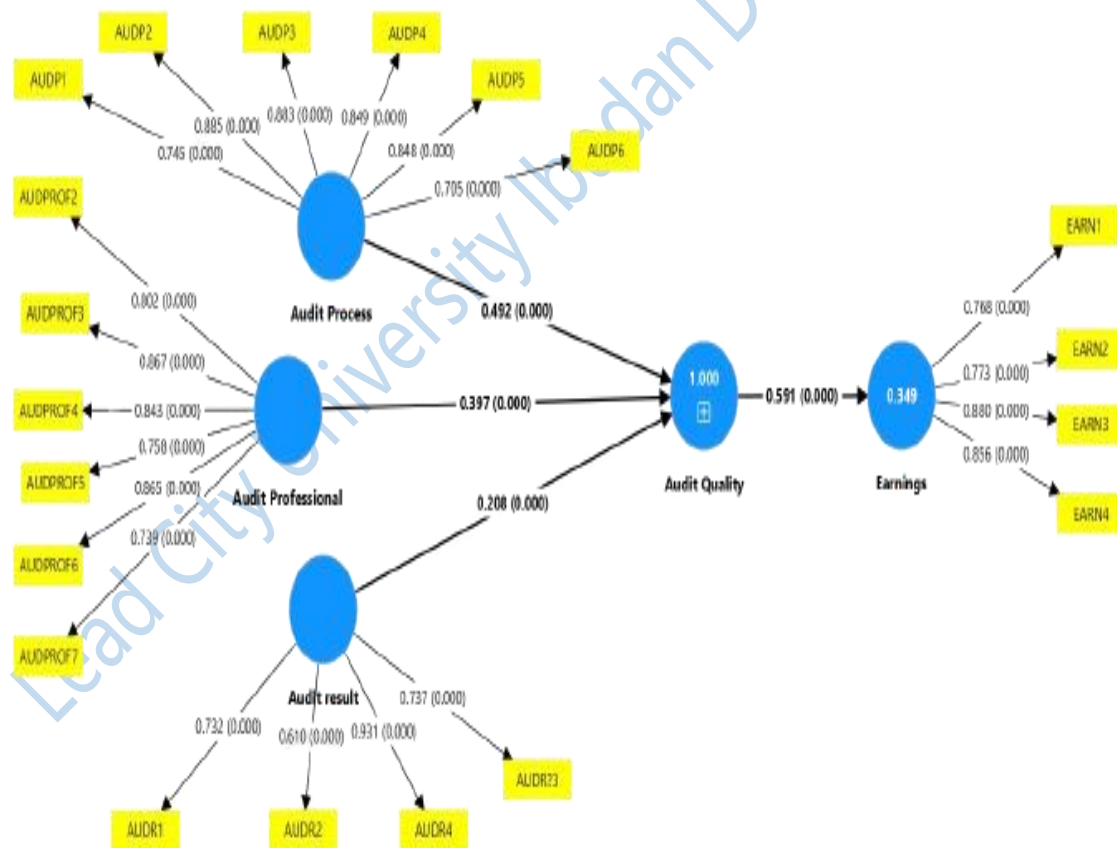


Figure 4.8: Bootstrapping Model of the P-value Audit Quality and Earnings

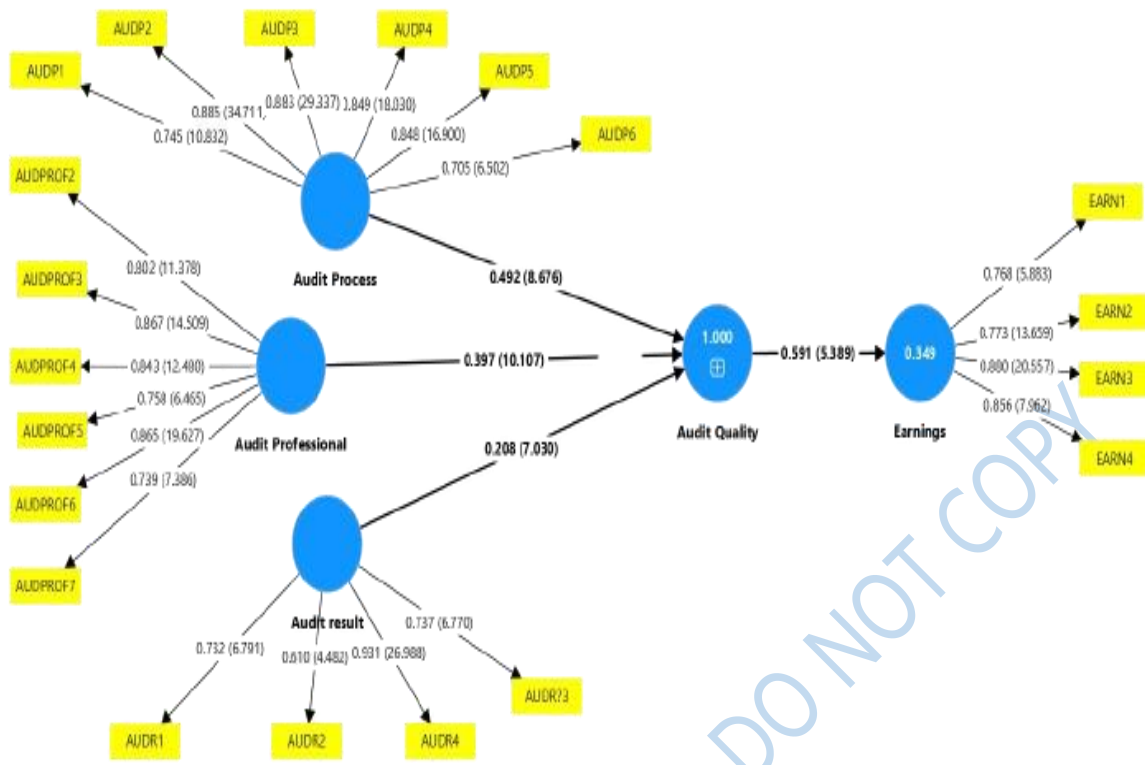


Figure 4.9: Bootstrapping Model of the F-value Audit Quality and Earnings

The direct effect of path coefficient and T-value for the overall construct include; audit quality and earnings ($\beta = 0.591$, $t = 5.389$, $P\text{-value} = 0.00$) (See Figure 4.8 & 4.9). This implies that audit quality has a significant effect on earnings.

The indirect effect of path coefficient and T-value for the relationship between audit process and earnings is ($\beta = 0.291$, $t = 5.885$, $P\text{-value} = 0.00$), audit professional and earnings ($\beta = 0.235$, $t = 4.841$, $P\text{-value} = 0.00$), audit result and earnings ($\beta = 0.123$, $t = 4.119$, $P\text{-value} = 0.00$). This analysis shows that audit process has the highest contributing factor to explaining the impact of audit quality on earnings (see Figure 4.8 & 4.9). The result further revealed that an increase in audit quality will increase earnings by 0.110 standard deviation. The SRMR for the model is 0.143, which is within the acceptable threshold, thus, the model is considered a good fit (see Table 4.24).

The result shows that the t-value = 5.589 is more than 1.96 and its significant level, p= 0.00 is less than 0.05. this implies that the null, which states that audit quality does not have a significant effect on earnings is rejected. Therefore, alternative hypothesis which states that audit quality does have a significant effect on earnings is accepted.

4.2.2.4 Hypothesis Four: Forensic Accounting Techniques do not have a moderating influence on the impact of audit quality and value relevance

Table 4.25: Structural Model Result of Forensic Accounting Technique to Moderate the Relationship Between Audit Quality and Earnings

	Path	Standard	T-Value	P-	Decision
	Coefficient	Deviation		Value	
Audit Quality -> Value Relevance	0.420	0.110	3.822	0.000	
Forensic Accounting Technique -> Value Relevance	0.313	0.152	2.059	0.040	
H4 Forensic Accounting Technique x Audit Quality -> Value Relevance	0.012	0.136	0.085	0.933	Not Supported
R ²	0.420				
R ² Adjusted	0.394				
F ²	0.001				
SRMR	0.098				

Source: Field Survey, 2024

The F2 result revealed that the effect size between forensic accounting technique, audit quality and value relevance is weak (0.001) (see Table 4.25).

The coefficient of determinant (R^2) is assessed to measure the level of variance of earnings as explained by audit quality. The analysis revealed the coefficient of determinant (R^2) for value relevance is 0.420, which implies that 42.% variance of value relevance is explained by forensic accounting technique and audit quality which includes: audit process, audit professional and audit result (see Figure 4.25).

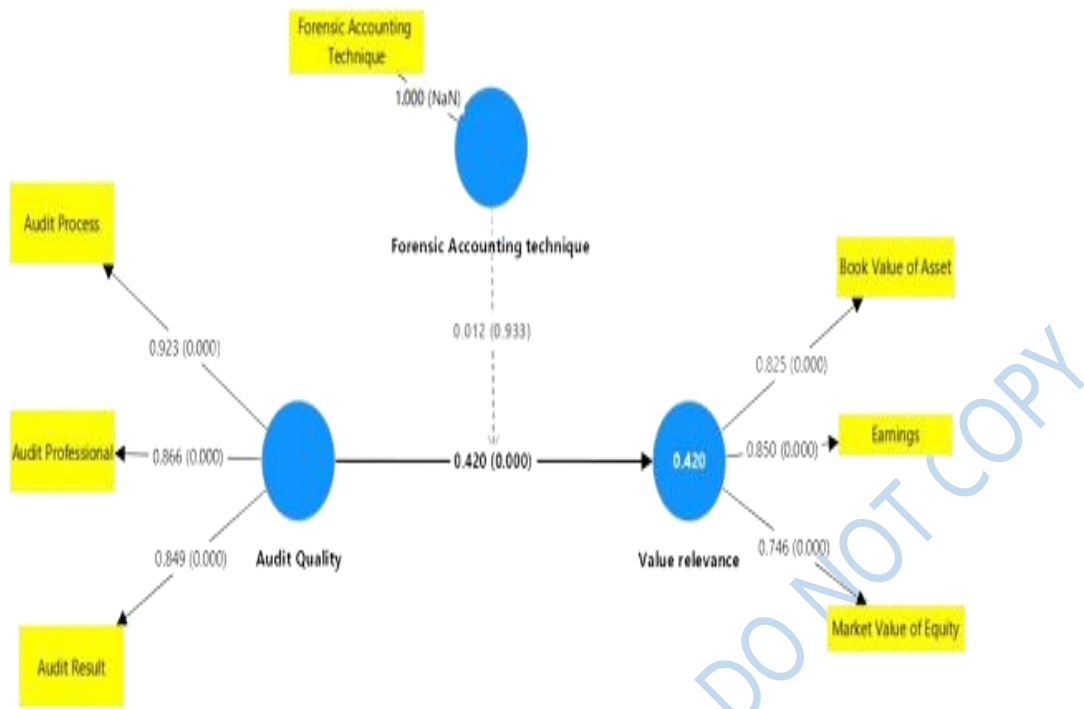


Figure 4.10: Bootstrapping Model of the P-value of Forensic Accounting Technique to Moderate the Relationship Between Audit Quality and Earnings

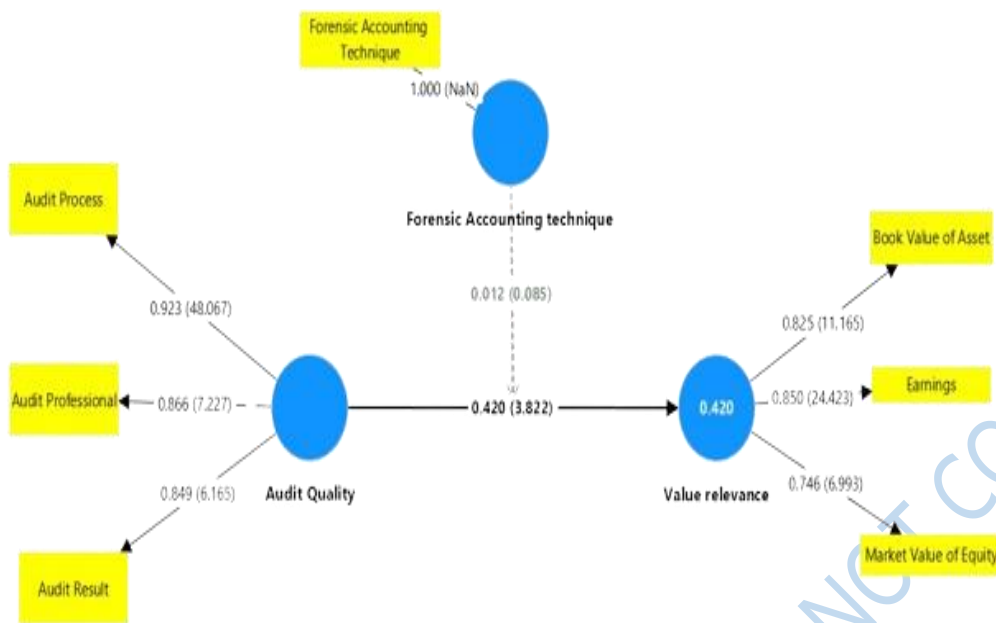


Figure 4.11: Bootstrapping Model of the F-value of Forensic Accounting Technique to Moderate the Relationship Between Audit Quality and Earnings

The direct effect of path coefficient and T-value for the overall construct include; forensic accounting technique, audit quality and value relevance ($\beta = 0.12$, $t = 0.085$, $P\text{-value} = 0.933$) (See Figure 4.10 & 4.11). The result reveals that forensic accounting technique does not have a significant effect on audit quality and value relevance. However, the result indicates that a decrease in the level of forensic accounting technique, audit quality weakens its impact on value relevance while an increase in the level of forensic accounting technique, audit quality strengthens its impact on value relevance.

The indirect effect of path coefficient and T-value for the relationship between audit process and value relevance is ($\beta = 0.420$, $t = 3.822$, $P\text{-value} = 0.00$), forensic accounting technique and value relevance ($\beta = 0.313$, $t = 2.059$, $P\text{-value} = 0.00$). This analysis shows that audit quality has a significant effect on value relevance without the presence of forensic accounting technique. It also indicates that forensic accounting technique has a significant effect on value relevance,

thus there are other variables that can be considered for forensic accounting technique to influence value relevance (see Figure 4.8 & 4.9). The result further revealed that an increase in forensic accounting technique will increase audit quality and value relevance by 0.136 standard deviation (see Table 4.25).

The result shows that the t-value = 0.085 is less than 1.96 and its significant level, $p = 0.933$ is more than 0.05. this implies that the null, which states that forensic accounting techniques do not have a moderating influence on the impact of audit quality and value relevance is accepted. Therefore, alternative hypothesis which states that forensic accounting techniques do have a moderating influence on the impact of audit quality and value relevance is rejected.

Lead City University Ibadan DO NOT COPY

4.25: Summary of Findings

Hypotheses	Path Co-efficient	T-value	R-Square Value	P-Value	Comment
Ho1: There is no significant relationship between Audit Quality and the Book Value of Asset of selected Oil and Gas sectors in Nigeria	0.436	3.685	0.178	0.000	Supported
Ho2: There is no significant relationship between the Audit Quality and the Market Value of Equity of selected Oil and Gas sectors in Nigeria	0.478	4.451	0.228	0.000	Supported
Ho3: There is no significant relationship between Audit Quality and the Earnings of selected Oil and Gas sectors in Nigeria	0.591	5.389	0.349	0.000	Supported
Ho4: Forensic Accounting Techniques do not have a moderating influence on the impact of sustainable audit quality and value relevance	0.12	0.085	0.420	0.933	Not Supported

4.3 Discussion of Findings

4.3.1 Effect of Audit quality on Book Value of Asset

The results of multiple regression analysis for the effect of audit quality (Quality of audit professionals, audit process and audit results) and Book Value of Asset of selected oil and gas companies in Nigeria shows that there is a relationship between audit quality and the book value of asset of selected oil and gas companies though it is moderate. Looking at the relative contribution of the measures of audit quality exerted a positive and significant effect on the book value of asset of the selected oil and gas industries. This analysis shows that audit professional has the highest contributing factor to explaining the impact of audit quality on book value of asset. The result further revealed that an increase in audit quality will increase the book value of asset. These findings corroborate the finding of other researcher who agreed that the quality of audit professional is of essence in any audit engagement. A study in its findings indicated that the organizational identity of auditors has a positive association with three aspects of commercialization². This study result is also corroborated by the submission of another study suggested that the quality of the audit professional included in an audit exercise is of great essence. It noted that the financial reports of companies that have been audited by the big auditors reflect accounting information more objectively and accurately and this plays an important role in the investors' decisions about stock prices.

The positive and significant combined effect of the measures of audit quality interrogated in this study provided support for the agency theory. The agency theory affirms that organizations are expected to act in the interest of their shareholders. Given the support found in empirical submission in previous literature with the present study result, the study posits that audit quality has a significant effect on the book value of asset of an organization.

4.3.2 Effect of Audit Quality on Market Value of Equity.

The results of multiple regression analysis for the effect of audit quality on market value of equity shows that the coefficient of determinant is moderate. The result also shows that audit quality has as a positive and significant effect on the market value of equity of oil and gas companies in Nigeria. Furthermore, the measures of audit quality adopted in this study are seen to exert a positive and significant effect on market value of equity. It has been found that equity market valuations of bank capital have been found to be better than regulatory capital ratio and other metrics, in spotting problem³. A study agreed to the fact that the market value of company is a reflection of the financial performance⁴.

Though there exist a dearth of empirical works of literature that have attempted to investigate the effect of audit quality on market value of equity of oil and gas companies either by interrogating the measures used in this study or through other relevant dimensions.

4.3.3 Effect of Audit Quality on Earnings.

The results of multiple regression analysis for the effect of audit quality on earnings shows that the coefficient of determinant is moderate. The result also shows that audit quality has as a positive and significant effect on the earnings of oil and gas companies in Nigeria. Furthermore, the measures of audit quality adopted in this study are seen to exert a positive and significant effect on earnings. It has been found that equity market valuations of bank capital are better than regulatory capital ratio and other metrics, in spotting problem⁵. A study agreed to the fact that the market value of company is a reflection of the financial performance⁶.

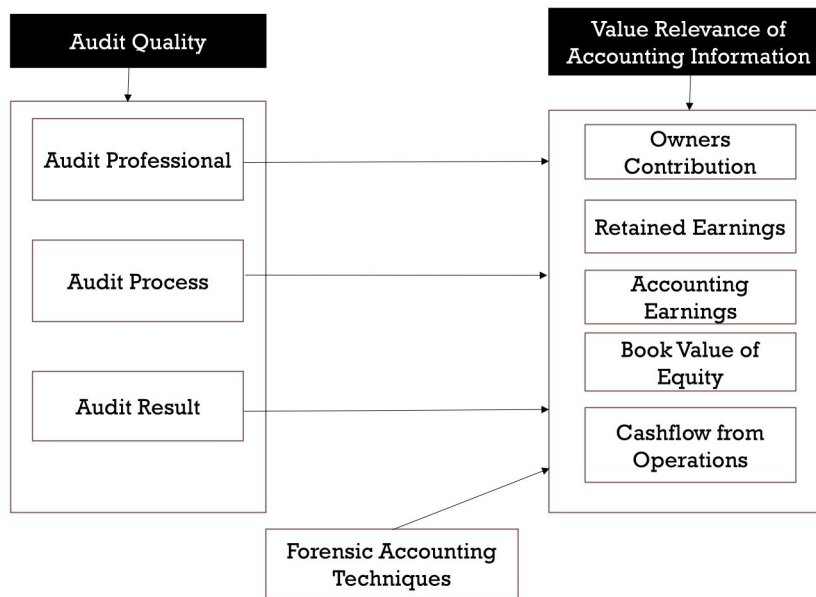
Though a dearth of empirical works of literature have attempted to investigate the effect of audit quality on earnings of equity of oil and gas companies either by interrogating the measures used in this study or through other relevant dimensions.

4.3.4 Moderating effect of forensic accounting techniques on audit quality and Value relevance

The partial least square-structural equation modelling results for the moderating effect of forensic accounting techniques on audit quality and value relevance of selected oil and Gas companies in Nigeria. tis result implies that forensic accounting has a positive but insignificant moderating effect on the interaction between forensic accounting techniques and its interaction between audit quality and value relevance of accounting information of selected oil and gas companies in Nigeria.

Empirically, no study has been conducted to investigate the moderating effect of forensic accounting techniques and its interaction between audit quality and value relevance of accounting information of selected oil and gas companies in Nigeria. However forensic accounting techniques have been used in several studies and one of the studies corroborated the finding of a scholar which highlighted the fact that forensic accounting techniques are of significance in the performance of selected oil and gas companies in Nigeria⁷. A study also established a positive correlation between the forensic accounting implementation and fraud assessment and manageme⁸. This shows that the null, which states that forensic accounting techniques have a moderating effect on audit quality and value relevance of selected Oil and Gas sectors in Nigeria is rejected. Therefore, alternative hypothesis which states that forensic accounting techniques have a moderating effect on audit quality and value relevance of selected Oil and Gas sectors in Nigeria is accepted.

4.4 Restatement of Conceptual Model



Source: Researcher 2024

Lead City University Ibadan

Endnotes

1. M. Sarstedt, C.M., Ringle, and J.F., Hair. *Partial least squares structural equation modeling* In **Handbook of market research** (587-632). Cham: Springer International Publishing. 2021
2. J. Henseler, C.M., Ringle, & M., Sarstedt, A new criterion for assessing discriminant validity in variance-based structural equation modeling. *J. of the Acad. Mark. Sci.* 43, 2015
3. Kerry Will, using the market value of equity to signal banking sector vulnerabilities, **Journal of Risk Management in Financial Institution** 13 (2) 2020
4. Gounder, C., & Nair, J. VALUE DRIVERS OF BANK EQUITY MARKET PRICE. *Indian Journal of Finance and Banking*, 13(1), 2023, <https://doi.org/10.46281/ijfb.v13i1.1977>
5. Kerry Will, using the market value of equity to signal banking sector vulnerabilities, **Journal of Risk Management in Financial Institution** 13 (2) 2020
6. Gounder, C., & Nair, J. VALUE DRIVERS OF BANK EQUITY MARKET PRICE. *Indian Journal of Finance and Banking*, 13(1), 2023, <https://doi.org/10.46281/ijfb.v13i1.1977>
7. Samuel Ajibade Dada, Olusola Esther Igbekoy, Muyiwa Emmanuel Dagunduro, **International Journal of Professional Business Review: Int. J. Prof.Bus. Rev.** Vol. 8(10), 2023
8. Oluwatoyin Esther Akinbowale, Heinz Eckart Klingeljofer, Mulat Fekadu Zerihun, **Cogent Economics & Finance** 11 (1) 2023

Chapter Five

Conclusion

This chapter discusses the summary of the findings, conclusions, and recommendations of the study. These findings of this study concisely summarize the contributions of the study to knowledge whilst also emphasizing respective implications of findings, limitations to the study as well as suggestions for further studies.

5.1 Summary of Findings

The study evaluated the effect of audit quality on the value relevance of accounting information of selected oil and gas companies in Nigeria using forensic accounting techniques as a moderating variable. It precisely evaluated the effect of audit quality on the book value of asset, market value of equity and earnings as measures of value relevance. Further analysis was done to ascertain the moderating effect of Forensic accounting technique on audit quality and value of relevance of accounting information.

This study was structured into five chapters in an effort to achieve the earlier-stated specific objectives of the study. The introductory chapter presented a detailed background to the study which revealed that issues several financial scandals have occurred in the oil and gas industry and this was prevalent due to the information gap between the several stakeholders, where one places his interest above the interest of the other. The importance of these information was justified by some of studies such as the study conducted on accounting information of companies with profitability¹. Despite the true and fair report being given by the auditors, it was discovered that some of the oil and Gas companies still have challenges in assessing the value relevance of accounting information which makes it difficult to accurately gauge the financial health and prospect of companies operating in this sector. A review of previous

literature on the concept of Value relevance including Book Value of Asset, Market Value of Equity and Earnings. The empirical review was unbundled in methodological review and findings review. The findings review provided mixed results regarding the effect of Audit quality and Value relevance of accounting information. In addition, existing contextual findings concentrated more on value relevance as a problem variable using other variables as a treatment variable. Given the scant empirical findings to substantiate the findings of this study, both conceptual and theoretical justifications were also employed.

The theoretical review considered two theories (the Ohlson Valuation Model and the Agency Theory) that are relevant to this study. The Ohlson Valuation Model addressed the dependent variable which is the value relevance of accounting information. The agency theory seeks to explain the relationships and interactions between different parties within an organization, especially the principal-agent relationship.

This theory focuses on the relationship between the principal (shareholders) and the agent (management) in a company. This provided of a theoretical justification set to explain the effect of audit quality on the value relevance of accounting information. The agency theory also gave justification to the moderating effect of forensic accounting techniques on audit quality. This is because the information presented by the agents need to be critically evaluated before being presented to the stakeholders.

On methodology, the study employed the survey research design as an example of quantitative research design. The population was the management staff and the directors of the listed oil and gas companies and a total enumeration sampling technique method was used due to the small size of the population. An adapted questionnaire was designed and employed to collect data from the population after it was scientifically certified to be valid and reliable for the intended purpose through the conduct of a pilot study.

Both descriptive and inferential statistics were adopted. Specifically, the descriptive statistics enhanced the analysis for all the study variables and provided answers to the specific research questions of the study. On the other hand, the inferential statistics enabled the test of the four null hypotheses formulated in the introductory chapter; hypotheses one to four effect analysis was established through multiple regression. Overall, the researcher ensured absolute obedience to ethical considerations as required by the university research committee.

The data analysis established the analytical technique adopted, the interpretation of results, and the discussion of the research findings. In all five research questions, objectives and hypotheses were formulated and tested. The data analysis was carried out in line with the study's specific objectives and hypotheses from which the patterns were investigated, interpreted, and conclusions drawn. Both descriptive and inferential statistics were adopted to analyze the data. The descriptive aspect of analysis was used to interpret the respondents' opinion research questions. Frequency distribution tables and percentage presentation approaches were employed in the analysis and interpretation of data collected using the PLS-Structural Equation Modelling (PLS_SEM) was adopted using SmartPLS statistical platform version 4.0. Tables were also used to present the summarized findings. PLS-SEM was used to test objectives one and four to substantiate the moderating effect of the hypothesis.

The data generated were sorted, coded, analyzed, and substituted in each of the functional relationship equations to obtain PLS-SEM and establish the statistical significance of audit quality, forensic accounting techniques, and value relevance of selected oil and gas companies in Nigeria and final acceptance or rejection of the hypotheses were made. From the interpretation of analyses of data collected and findings of the study, the following can be summed up as the major empirical findings of this study.

5.2 Conclusion

Based on the empirical findings, this study concluded that there was a statistically significant effect of audit quality and Book value of assets of selected oil and Gas sectors in Nigeria. Hence, the study established that audit quality have a positive and significant effect on the Book value of assets of selected oil and Gas sectors in Nigeria. The study also revealed that there is a significant and positive relationship between the elements of audit quality and the market value of equity with earnings. Further analysis showed that forensics accounting techniques moderated the functional relationship between audit quality and value relevance of selected oil and gas companies in Nigeria, though the effect was moderate the interaction effect was significant and positive.

Theoretically, the findings of this study are in line with the Agency theory and the Ohlson theory provided the theoretical underpinnings for the study. The theories were selected to guide this study because their perspectives relate to the variables under investigation. The agency theory explains how an organization could attain an organization need to act and presents useful information for all stakeholders without jeopardizing the interest of one for another. In addition, the second underpinning theory Ohlson Residual Model theory) helps a company in the valuation and applicability of financial data. According to the theory, a company's equity value is determined by the present value of its estimated future residual income, which helps to determine its relevant value. The Ohlson model presumes that future residual income is what motivates investors to value a company, the predicted future abnormal earnings, which represent the departure from typical profitability, are a function of the current book value of equity and the future residual income.

For the management, the findings of this study suggest the need for the executive management in the oil and gas companies to adopt quality audit professionals who engage in

quality audit process and give quality audit result as this will give credibility to the reports given to their users. However, under forensic accounting techniques, the data mining techniques, computer assisted tools, trend analysis, ratio analysis, ratio analysis and expenditure trend analysis have significant and positive effect on the audit quality and value relevance of accounting information, the study thus suggest that the audit teams of the companies should engage quite a number of the techniques as this will help in improving the audit quality thereby enhancing the credibility of the value relevant of accounting information of selected oil and gas companies.

For the body of academia, this study provides useful information and contributions to empirical literature on the link between audit quality and value relevance. The study further established the part played by forensic accounting techniques as a moderator in this link. This study also addressed some gaps in existing literature on Audit quality, Forensic Accounting Techniques and Value relevance of accounting information. Hence, contributing to recent research in this regard and contributing to the scant empirical literature on moderating effect of forensic accounting techniques on the interaction between audit quality and value relevance of accounting information in Nigeria. Therefore, it provides reference material for students to learn and for further studies in the field of accounting, strategic management and sustainability hence, pushing forward the frontier of knowledge.

5.3 Recommendations

The following recommendations are put together based on the findings of this study.

1. The study established that audit professional have a significant and positive relationship on the value relevance of accounting information. The analysis conducted revealed that it is one of the highest contributing factor to explaining the impact of audit quality on book value of asset. Hence concerted effort needs to be made in

ensuring that the audit professionals are properly trained before the commencement of any audit exercise especially in volatile industries like the oil and gas sector. This will enhance the decision making process of the users.

2. The study also established the importance of the process engaged by the auditors during the audit exercise as this will also enhance the credibility. The study established that there is a high relationship between audit quality and earnings. It also revealed that the audit process has the highest contributing factor to explaining the impact of audit quality on earnings. The study recommends that attention should be given to the procedures engaged by the auditors during the audit exercise. They are to ensure that no stone is left unturned and to also ensure that the intentionally look for likely ways the management might want to manipulate the records.
3. Fraudulent financial reporting, asset misappropriation, money laundering, bribery and corruption are part of several financial crimes covered by forensic accountants, however, these organisations don't have to wait till these crimes are committed, auditors can inculcate the techniques used in forensic accounting to enhance the process of auditing, thereby improving the value of the audit report and the credibility of the accounting information provided.

5.4 Contribution to Knowledge

The findings of this study offers conceptual, empirical and theoretical contribution to knowledge.

5.4.1 Conceptual Contribution

Based on the conceptual review carried out, this study offers immense contribution to knowledge conceptual in diverse ways. The variables in this study redefined by the researcher to provide a robust understanding of the concepts. This study identified and filled conceptual gaps in literature regarding the moderating role of forensic accounting techniques in the interaction between audit quality and value relevance of the selected oil and gas companies in Nigeria

Scanty academic literature has been documented on caydit quality and its relationship on the value relevance of accounting information. Yet, no known studies have conceptually evaluated how forensic accounting techniques moderate or impact the audit quality and value relevance of accounting information.

5.4.2 Theoretical Contribution

The outcome of this study is in line with the agency theory and the ohlson valuation theory which provided the theoretical underpinnings for this study. These theories were selected to guide this study's variables because their perspectives are tied to the focus of the study and the variables under investigation. The agency theory explained how the conflict of interest among stakeholders can be managed in such a way that useful information is provided for all stakeholders without jeopardizing the interest of one for another. In addition, the second underpinning theory, Value Relevance suggests that future residual income is what motivates investors to value a company, the predicted future abnormal earnings, which represent the

departure from typical profitability, are a function of the current book value of equity and the future residual income.

5.4.3 Empirical contribution

This study investigated the interactions of Audit quality, Forensic Accounting Techniques, and Value Relevance of accounting information of selected oil and gas companies in Nigeria. The empirical outcome of this study contributes to the existing literature, also, the empirical findings in the area of Audit quality, Forensic Accounting Techniques, and Value Relevance equally serve as reference material for future researchers. Specifically, hypothesis one suggested that the measures of audit quality have a positive and significant effect on the Book Value of Assets of oil and gas companies in Nigeria. Also, hypothesis two indicated that the measures of audit quality have a significant effect on the Market Value of Equity of selected oil and gas companies in Nigeria

In like manner, hypothesis three established that the measure of audit quality has a positive and significant effect on the earnings of the selected oil and gas companies in Nigeria.

In addition, hypothesis four posited that forensic accounting techniques have moderate moderating effect on the interaction between audit quality and value relevance of selected oil and gas companies in Nigeria.

5.5 Suggested Areas for Further Research

The limitation of this study offers opportunities and suggested for future study.

1. Future studies may consider the downstream sector of the oil and gas industry
2. Further studies can look at the operation staff and the external users of the accounting information such as loan providers, shareholders to enhance obtaining an in-dept understanding of issues

3. Further studies may look at the environmental liabilities and debt
4. Further studies might look at the corporate governance as a mediating variable
5. Finally, other analytical techniques can be adopted to provide additional support for the finding of the studies.

Endnotes

1. M.E. Barth, Ken Li, C.G McClure, Evolution in Value Relevance of Accounting Information, **American Accounting Association**, The Accounting Review 98(1) 2023, <https://doi.org/10.2308/TAR-2019-0521>

Lead City University Ibadan DO NOT COPY

Bibliography

Journals

Abdollahi A, Pitenoei Y.Rezaei, Gerayli Mehdi Safari, Auditor's report, auditor's size and value relevance of accounting information, Journal of Applied Accounting Research, 2020 <https://www.emerald.com/insight/0967-5426.htm>.

Akadakpo B. A. & Mgbame M. C., Value Relevance Of Accounting Information: The Moderating Effect Of Timeliness, **International Accounting And Taxation Research Group**, Faculty Of Management Sciences, University Of Benin, Benin City, Nigeria, 2018

Al-Qatamin K.I, Salleh Z, Audit Quality: A Literature Overview And Research Synthesis, **Journal Of Business And Management** 22 (2) February. 2020

Amir E, Lev B, Value Relevance of Non Financial Information: The Wireless communication industry **Journal Of Accounting And Economics** 22, 1996

Anggraita V, Rossieta H, Wardhani R, Wibowo B, IFRS Adoption On Value-Relevance And Risk-Relevance Of Accounting Information among Indonesian Banks **Social Sciences & Humanities**. 28 (1), 2020.

Aveh F.K, Awunyo-Vitor D, & Mcmillan D, Firm-Specific Determinants Of Stock Prices In An Emerging Capital Market: Evidence From Ghana Stock Exchange. **Cogent Economics & Finance**, 5(1), 2017

Azarakaria N, Sulaiman N.A, The Quality of Accounting Information: Relevance or Value Relevance, **Asian Journal of Accounting Perspectives**, 12(1), 2019

Bård Misund, Frank Asche, Petter Osmundsen, **The International Journal of Accounting**, Volume 43, Issue 4, December 2008, Pages 398-424.

Barth M.E., Ken Li, McClure C.G, Evolution in Value Relevance of Accounting Information, **American Accounting Association**, The Accounting Review 98(1) 2023, <https://doi.org/10.2308/TAR-2019-0521>

Barth M.E., Li K, & McClure C.G., Evolution in Value Relevance of Accounting Information, **The Accounting Review**, 2022

Benjamin A. Jansen Cash Flow Growth And Stock Returns, Journal Of Financial Research, Volume 44,(2) Wiley Online Library <https://doi.org/10.1111/jfir.12244>

Beisland L.A, A Review of Value Relevance Literature, **The Open Business Journal** · April 2009 Doi: 10.2174/1874915100902010007

Beisland L.A A Review of the Value Relevance Literature **Open Business Journal** 2(1)DOI:[10.2174/1874915100902010007](https://doi.org/10.2174/1874915100902010007)· April 2009

Bhatia M, Mulenga M.J. Value Relevance of Accounting Information: A review of Empirical Evidence Across Continents, **Jindal Journal of Business Research** 8(2), 2019

Burke Q.L, Wieland M.M, Value Relevance Of Banks' Cash Flows From Operations, *Advances in Accounting*, **Volume 39**, 2017

Catherine Heyjung Sonu, Ahrum Choi, Joonil Lee & Wonsuk Ha, Audit partner's length of audit experience and audit quality: evidence from Korea, **Asia-Pacific Journal of Accounting & Economics**, 2019

Chasanah N, Scipto A, Liquidity ratio, profitability and solvency on stock returns with capital structure as an intervening variable (study on food and beverage, sub sector listed in Indonesia Stock Exchange, **Ekspektra: Jurnal Bisnis dan Manajemen**, 3(1), 2019

De Angelo, L. E. Auditor size and audit quality. *Journal of Accounting and Economics*, 3(3), 183---199, (1981)

Dunham L.M., Grandstaff J.L. The Value Relevance Of Earnings, Book Values, And Other Accounting Information And The Role Of Economic Conditions In Value Relevance: A Literature Review *Accounting Perspectives* 21(2) 2021, <https://doi.org/10.1111/1911-3838.12280>

Effect Of Intangible Asset Disclosure On The Value Relevance Of Listed Deposit Money Banks In Nigeria, Ozemoya Osikpemhi Amos Pedro ; & Aliyu Abubakar Nda **Journal Of Management Sciences Research** Vol. 2(1), 2021 Pp. 76-84)

Eugenio K.L, Mitch R, Parel A, Reyes K.M, Yu K.B, & C.C De, How Does Value Relevance Of Accounting Information React To Financial Crisis, **Dlsu Business & Economics Review** 28(2) 2019

Evilia Mayasari Solikhaa, Agus Widodo Mardijuwon, The Relationship between Audit Quality, Earnings and Equity Book Value Relevance, **International Journal of Innovation, Creativity and Change**. www.ijicc.net 13(4), 2020

Faaza Fakhrunnas, Yunice Karina Tumewang And M. B. Hendrie Anto, The Impact Of Inflation On Islamic Banks' Home Financing Risk: Before And During The Covid-19 Outbreak. **Banks And Bank Systems Journal**, 16(2), (2021). 78-90. Doi:[10.21511/Bbs.16\(2\).2021.08](https://doi.org/10.21511/Bbs.16(2).2021.08))

FRC, 2015 Financial Reporting Council, **Transparency Reporting by Auditors of Public Interest Entities**. London, England 2015

Federation of European Accountants, *Overview of Audit Quality Initiatives*. Brussels, Belgium 2015

Gamerschlag R.. Value relevance of Human capital information, **Journal of Intellectual Capital**, 14(2) 2013

Hiyam Sujud, Boutheina Hachem, Effect of the Quality of the Accounting Information System Outputs on Customer Satisfaction in Lebanese Commercial Banks, **International Research Journal of Finance and Economics** iss 176 2019.

Hossain T, The Value Relevance Of Accounting Information And Its Impact On Stock Prices: A Study On Listed Pharmaceutical Companies At Dhaka Stock Exchange Of Bangladesh, **Journal Of Asian Business Strategy**, 11(1), .2021

Imhanzenobe Japhet & David Mcmillan (Reviewing Editor) Value Relevance And Changes In Accounting Standards: A Review Of The IFRS adoption literature, **Cogent Business & Management**, 9(1) 2022

Jahidur Rahmana M., Liu R., Value relevance of accounting information and stock price reaction: Empirical evidence from China, **Journal of Accounting and Management Information Systems**, 20 (1), 2021

Jamal Barzegari Khanagha Shamsheer Mohama, Taufiq Hassan And Zulkarnain Muhamad Sori, **The Impact Of Reforms On The Value Relevance Of Accounting Information: Evidence From Iran**, International Journal Of Management And Business Studies Issn 2167-0439 Vol. 10 (3), March, 2020

James Chen, Market Value of Equity, **Definition and How to calculate**, **Fundamental Analysis Market Value of Equity** investopedia.com, 2024

Joseph O. Obi Et.Al. Effect Of Value Relevance Of Accounting Information On Ifrs Adoption Of Deposit Money Banks In Nigeria, **International Journal Of Research And Review (Ijrrjournal.Com)** Vol.7; Issue: 6; June 2020

Kabom-Ita, A. “Empirical analysis of the impact of information technology on forensic accounting practice in Cross River State – Nigeria”, **International Journal of Scientific and Technology Research**, Vol. 1 No. 7, pp. 25-32 2012

Kayode Oluwadamilare Bankole1 Isreal Omohefe Ukolobi, Value Relevance Of Accounting Information And Share Price In Financial Service Industry, **Research Journal Of Finance And Accounting** Www.Iiste.Org Issn 2222-1697 (Paper) Issn 2222-2847 (Online) Vol.11,(8), 2020

Karwai, M. Forensic Accounting and Fraud Investigation for Non-Expert, John Wiley and Sons, NJ. 2004

Khuong N.V, Anh L.H.T The mediating mechanism of earnings management on the relationship between life cycle and financial reporting quality: Finding from MRA and FSQCA Business Strategy & Development 5(1), 2022

Kurniawan A. R, Khafid M. Factors Affecting The Quality Of Profit In Indonesian Banking Companies. **Journal Dinamika Akuntansi**, 8(1), 2016.

La Porta, Lopez de Silanes, & Shleifer, 2006; La Porta, Lopez de Silanes, Shleifer, & Vishny, 1998, 2000, 2002

Mardi Mardi, Petolis Nusa Perdana, Suparno Suparno, Imam Aris Munandar, effect of accounting Information systems, teamwork and integral control on financial reporting timeliness, **Journal of Asian Finance, Economics and business** 7(12) 2020.

Mbasiti T.H, Gyang J.Y, Fransis O, Forensic Accounting Techniques: Tools For Preventing Revenue Leakages In Nigerian Federal Universities, **International Journal Of Innovative Science And Research Technology**, 6 (5), 2021

Mirza A, Malek M, & Abdul-Hamid M.A, Value relevance of financial reporting: Evidence from Malaysia , **Cogent Economics & Finance** 7(1) 2019

Mirza1 A, Malek M & Abdul-Hamid M.A, Evolution In Value Relevance Of Accounting Information, American Accounting Association **Cogent Economics & Finance**, 98(1) 2023

Mishary A, & Alanezi F, Usefulness of earnings and book value for equity valuation to Kuwait stock exchange participants”, **International Business and Economic Research Journal**, 10 (1) 2011

Odelabu Odelabu, A.T. “Effect of forensic accounting on the financial performance of commercial banks on Nigeria”, **Research Journal of Finance and Accounting**, Vol. 5 No. 8, pp. 103-109, 2014

Ogbodo, O.C, Osisioma, Benjamin C, Value Relevance Of Accounting Information And Share Price: An Empirical Study On Manufacturing Firms In Nigeria, **International Journal Of Advanced Academic Research (Social And Management Sciences)** | Issn: 2488-9849 Vol. 6, Issue 12 December, 2020.

Ogbuehi, Asite, Woke, Promise Ikechi Auditors’ Independence And Value Relevance Of Quoted Manufacturing Firms In Nigeria Bushwealth Academic Journals Vol. 2021 No. 2021

Ogonda G.O, Okiakpe E.K, International Financial Reporting Standards And Value Relevance Of Accounting Information Of Deposit Money Banks In Nigeria, **Global Scientific and Academic Research Journal of Multidisciplinary Studies**, 1(2), 2022

Oluwatoyin Esther Akinbowale, Heinz Eckart Klingelhöfer and Mulatu Fikadu Zerihun, An innovative approach in combating economic crime using forensic accounting techniques. **Journal of Financial Crime**, doi:10.1108/jfc-04-2020-0053, 2020

Omokhudu O, Peter Okoeguale Ibadin, The Value Relevance Of Accounting Information: Evidence From Nigeria, **Business, Economics Accounting And Finance Research**, 2015

Omokhudu O. & Ibadin P, The Value Relevance of Accounting Information: Evidence from Nigeria **Accounting and Finance Research** 4 (3); 2015

Pinello A.S, Volkan A.G., Franklin J, Tiernan K, M. Levatino, The PCAOB Audit Quality Indicator Framework Project: Feedback From Stakeholders **Journal of Business & Economics Research** 16 (1) 2019

Piotr Marek Bolibokthe Impact Of Social Responsibility Performance On The Value Relevance Of Financial Data In The Banking Sector: Evidence From Poland **Sustainability** 13(21) 2021.

Robu M.A. The Level of Knowledge in the Value Relevance Literature, CES Working Papers, 6(4), 2014

Qatawneh, The Role of the Effectiveness of Accounting Information Systems in the Relationship between the Earnings Management and Financial Performance. 2022, Mar 02 2024.

Robu M.A, The Level Of Knowledge In The Value Relevance Literature, **Centre For European Studies: London, Uk**, 2014; Pp. 123–136.

Soewarno, N & Utami, S. R. Significance Of Accounting Information In Explaining Market And Book Values: The Case Of Indonesian Banks. **International Research Journal Of Finance And Economics**, 5(10), 2010, 146–157.

Solikhaa E.M, Mardijuwono A.W, The Relationship Between Audit Quality, Earnings And Equity Book Value Relevance, **International Journal Of Innovation, Creativity And Change** 13,(4), 2020

Srikandhi M.F, Suryandariaudit D, Audit Quality Moderates The Effect Of Independent Commissioners, Audit Committee, And Whistleblowing System On The Integrity Of Financial Statement, **Accounting Analysis Journal** 9(3), 2020, 186-192

Watkins A.L, Hillison W, Microsoft S.E., Audit Quality: A Synthesis Of Theory And Empirical Evidence, **Journal Of Accounting Literature** Vol 23 2004.

Yadav, S. and Yadav, S. “Forensic accounting: a new dynamic approach to investigate fraud cases”, **Excel International Journal of Multidisciplinary Management Studies**, Vol. 3 No. 7, pp. 1-9. Yang, L 2013

Yousaf Khan¹ , Dr. Wisal Ahmad² , Dr. Faizan Malik, Ashwin Anokha Publications & Distributions [Http://Www.Ashwinanokha.Com/Ijeb.Php](http://www.Ashwinanokha.Com/Ijeb.Php) Does Audit Quality Moderate The Nexus

Yuli Anwar, The effect of return on equity, earnings per share and price earning ratio on stock prices, **The accounting journal of Binaniaga**, vol 4 (1) 2019

Zuraida Zuraida, Noor Houqe & Tony Van Zijl, Working Paper Series Working Paper No. 98 February 2015

Periodical Articles

ACRA Accounting and Corporate Regulatory Authority *Guidance to Audit Firms on ACRA's Audit Quality Indicators Disclosure Framework*. Singapore, 2015.

ACRA, Accounting, and Corporate Regulatory Authority, ***Deepening the Audit Quality Conversion***. Singapore, 2016.

Chidinma Anyalewechi, NGX Oil and Gas Index outperforms other major market indices, Nairametrics, 2021

The Impact of oil price on the economy SEP 2021- DW insights, energy group.com

IAASB, Framework for Audit Quality, Key Elements that creates an environment for audit quality, www.iaasb.org

IASB (2010), “Conceptual Framework For Financial Reporting”, Presented At The Exposure Draft Ed/2010/2 Uk: International Accounting Standards Board.

IASB Revised Conceptual, Deloitte 2018 <https://www.lasplus.Com/En/News/2018/03/Cf>

Information sheet222, Improving Audit quality, Australian Securities and Investments commission).

Hannah Murphy, **KPMG slapped with \$6.2m fine over oil company audit errors**, **Financial Times**, 2017 [KPMG slapped with \\$6.2m fine over oil company audit errors \(ft.com\)](https://www.ft.com/content/2017-03-22/kpmg-slapped-with-6-2m-fine-over-oil-company-audit-errors)

Helaly M.E, Ntim C.G, Al-Gazzar M.M, M. Diffusion Theory, National Corruption And Ifrs Adoption Around The World. **Journal Of International Accounting, Auditing And Taxation**, 38(4) 2020

Jay Paulson, **Ernest and Young** Asia-Pacific Professional Practice, The 6 Components Of Sustainable Audit Quality, 21 June 2018

K Samaha, H Khlif Adoption of and Compliance With IFRS In Developing Countries, **Journal Of Accounting In Emerging Economies**, 6(1), 33 2016

PCAOB, Standard Advisory Group Meeting, Discussion- Audit Quality indicators, Washington DC, 2013

Wale Ajayi, Nigeria Oil and Gas Update, KPMG 2019, Nigerian-Oil-and-Gas-Update - KPMG Nigeria
Wale Ajayi, Nigeria Oil and Gas Update, **KPMG Quarterly Newsletter**, first edition, 2019

What is the Book value of equity, equity financing, **CFA Journal**, 2023

Yahn- Shir Chen, Chung-Cheng Yang Yi-Fang Yang, Higher Academic Qualifications, Professional Training and Operating Performance of Audit Firms, *Sustainability* 2020, 12(3) 2020

Textbooks

G Oyedokun, Forensic Accounting Techniques and Fraud Investigation in Digital Age, virtual Lecture Delivered at the Fraud Awareness Week of the Association of Certified Fraud Examiners (ACFE) Lagos Nigeria Chapter on Wednesday, November 15, 2022

Website

Amy Fontinelle, 6 components of an Accounting Information , 2024
<https://www.investopedia.com/articles/professionaleducation/11/accounting-information-systems.asp>

Ahmad Abdollahi, Yasser Rezaei Pitenoei, Mehdi Safari Gerayli
<https://Www.Emerald.Com/Insight/0967-5426.Htm>, 24th May 2020

[Auditor's Independence - Application, Threats, And How to Improve it - Wikiaccounting](#)

<https://www.hbs.edu/faculty/Shared%20Documents/conferences/2018-imo/Barth.Li.McClure.May.2018.pdf>

W.Energy, 5 common Oil and Gas Accounting Issues+Proposed Solutions, 2024
<https://wenergysoftware.com/resources/insights/5-common-accounting-issues-oil-and-gas-industry-solutions>

[International Auditing and Assurance Standards Board - Wikipedia](#)

Scott Powell, What Is Accounting, **Certified Finance Institute**.
<https://Corporatefinanceinstitute.Com/Resources/Accounting/Accounting 2020,>

[Framework for Audit Quality \(ifac.org\)](#)

[Professional Experience: Meaning, Importance & Benefits - LMS Hero](#)

Continuing Education for professionals: FAQs, options and 7 reasons why it's so important, University of San Diego, Professional and Continuing Education
<https://pce.sandiego.edu/continuing-education-for-professionals-faqs-options-7-reasons-why-its-so-important/#:~:text=To%20be%20as%20effective%20in,cutting%20edge%20of%20your%20field.>

<https://doi.org/10.1111/jifm.12138> for ref

Listed Companies in Nigeria, Nigeria exchange group , 2023.
[https://www.google.com/search?q=Listed+Companies+In+The+Nigerian+Stock+Exchange+\(2023\)+\(thenigerianinfo.com\)&oq=Listed+Companies+In+The+Nigerian+Stock+Exchange+\(2023\)+\(thenigerianinfo.com\)&gs_lcrp=EgZjaHJvbWUyBggAEEUYOdIBCDExNThqMGo3qAlAsAIA&sourceid=chrome&ie=UTF-8](https://www.google.com/search?q=Listed+Companies+In+The+Nigerian+Stock+Exchange+(2023)+(thenigerianinfo.com)&oq=Listed+Companies+In+The+Nigerian+Stock+Exchange+(2023)+(thenigerianinfo.com)&gs_lcrp=EgZjaHJvbWUyBggAEEUYOdIBCDExNThqMGo3qAlAsAIA&sourceid=chrome&ie=UTF-8)

[\(What is Forensic Accounting & Techniques? | Tally Solutions, 2022\)](#)

Kosińska and Kaczmarczyk (2020)

Psak Pocket Guide, **Price Waterhouse and Coopers (India)** No 1, 2017.

U.K.'S Financial Reporting Council: Audit Quality Framework Frc 2008

IAASB Framework for Audit quality, Key Elements that create an environment for audit quality, 2023

(Information sheet 221, Australian Securities and Investments Commission June 2017).

Audit Quality, An IAASB Perspective, International Auditing and Assurance Standards Board, march 2011

FRC, 2006 Financial Reporting Council (2006). *Promoting Audit Quality*. London, England).

FRC, 2008 Financial Reporting Council (2008). *The Audit Quality Framework*. London, England

Appendix
Questionnaire

Department of Management and
Accounting
Lead City University,
Ibadan.
Nigeria.

Dear Respondent,

The researcher is a PhD student at the institution mentioned above - Lead City University. The information provided is meant to assist the researcher in gathering a variety of Information on the topic, Audit Quality, Forensic Accounting Techniques, and Value Relevance of selected oil and gas companies in Ibadan, Oyo State, Nigeria.

Please reply to the questions below as they apply to you. Your assistance in completing this survey would be much appreciated, and the data collected will be used solely for educational reasons.

Thank You

Yours faithfully,

.....

Oluwakemi Adefisayo ADEJUWON

SECTION A: RESPONDENT'S BIODATA

Instructions: please tick in the box or write in the space provided.

1. **Gender:** Male [] Female []
2. **Age Group:** 18-20 years [] 21-30 years [] 31-40 years [] 41 -50 years [] Above 50 years []
3. **Highest Academic Qualification:** SSCE [] OND/NCE [] Bachelor's Degree [] MBA/MSc [] PHD [] Others []
4. **Professional Qualification:** ICAN/ANAN/ACCA [] CIBN [] CITN [] Others []
5. **Role in the company:** Director [] Manager [] Accountant [] Officer []
6. **Status of employment:** In Service [] Not in service []
7. **Years of Experience in the management role** 1-5 years [] 6-10years [] 11-15years [] More than 15 years []

SECTION B

Instructions: Please tick as appropriate

SD=Strongly Disagree; D=Disagree; A=Agree; SA=Strongly Agree		SD	D	N	A	SA
Value Relevance of Accounting Information						
Market Value of Equity						
The market value of Equity reflects the following						
1	The financial health of my company					
	Share price of my organization					

	Company's stock Price					
	Changes in accounting practices					
	Items on Book Value of Asset-					
	The Book value of Assets reflects:					
	The true value of assets					
	Book Value per Share					
	Asset performance					
	Historical cost					
	Items of Earnings-					
	The Information on the Earnings truly reflects:					
	Net Income					
	Earnings before Interest and Tax					
	Earnings per share					
	Operating Profit Margin					
	Audit Quality					
	Quality of the Auditors Professionals-	SD	D	N	A	SA
	To What Extent does the Auditor do the following					
1	Professional Skepticism					
2	Independence and Objectivity					
3	Expertise and Experience					
4	Timeliness and Responsiveness					
5	Integrity					
6	Post Audit Review					

S/N	Audit Process- The Auditor observes:	SD	D	U	A	SA
1	The level of internal control system					
2	Audit planning adequacy					
3	Communicate with Management and Stakeholders					
4	Assess associated risks effectively					
5	Audit Documentation Quality					
6	Adhere to the Audit Schedule					

S/N	Audit Result- The Auditor expresses opinion on:	SD	D	U	A	SA
1	Materiality Assessment					
2	Follow-up and Resolution Rate					
3	Regulatory Compliance					
4	Management and Audit Committee Response					
5	Financial Statement Adjustments					

S/N	Forensic Accounting Techniques- The Auditors use the following during their audit exercise:	SD	D	U	A	SA
1	Data mining techniques					
2	Computer-assisted Tools					
3	Trend Analysis					
4	Ratio Analysis					
5	Expenditure trend approach					

Biodata

A. Personal Data

Full Name:

Adejuwon Oluwakemi Adefisayo

Address:

Lead City Staff Quarters 2, Lead City University, Ibadan

E-mail:

Adejuwonoluwakemi218@gmail.com

Phone No:

07063693491

Date of Birth:

10th of May 1996

Place of Birth:

Ibadan, Nigeria

Next of Kin:

Name:

Adejuwon Oluwaferanmi Emmanuel

Address:

Block F, Plot 8, Falade Layout, Apate, Ibadan

B. Educational Background

Educational Institution Attended with Dates and Qualifications

Institution Qualification Obtained Date

Lead City University, Ibadan PhD. Accounting (in view)

Lead City University, Ibadan MSc. Accounting 2020

Lead City University, Ibadan BSc Accounting 2016

Membership of Professional Bodies:

Associate of Chartered Accountants of Nigeria

C. Working Experience with Dates:

Company Role Date

- Lead City University (Assistant Lecturer) April 2021 till date
- Lead City University (Graduate Assistant) April 2021
- Nickdel Schools Nigeria (Business Studies Teacher) July 2018
- National Youth Service Corps (Account Teacher) October 2017
- Lead City Micro-Finance Bank (Customer Relations Officer, Debt recovery officer and Strong room officer). May 2015

D. Publications:

1. Olatoyan Segun Anthony & Adejuwon Oluwakemi, Business Angel Model in Financing small and medium Businesses Sought West Nigeria, Entrepreneurship and Business Environment edited by Godwin Emmanuel Oyedokun and Joshua Adewale, Adejuwon 2023 ISBN: 978-978-59453-5-5
2. Joshua Adewale adejuwon, Adeyinka Abidemi, Adejuwon Oluwakemi Adefisayo, Microfinance Banks Services and Economic Growth in Nigeria, Multi-disciplinary Journal of Management Sciences, vol 4, Issue 2, 2022
3. Adejuwon Joshua Adewale & Adejuwon Oluwakemi (2022), Internal Control System and Performance of Selected Money Deposit Banks in Nigeria: Non-Financial Key Performance Indicators' Approach, International Journal of Innovative Finance and Economics Research 10(2):108-118, April-June SEAH PUBLICATIONS, 2022
4. Oyedokun G.E; Izile E.C and Adejuwon O.A (2021). Financial Planning and Management Performance of Selected Food Manufacturing Companies in Nigeria, International Journal of Innovative Research in Accounting and Sustainability (IJIRAS) 6(4). A publication of the Department of Accounting, Adekunle Ajasin University, Akungba- Akoko
5. Adejuwon Oluwakemi, Review of Chapter: Tax Compliance and Its Challenges in Nigeria: The Practical Perspective, Taxation for Economic Development, 2021
6. Adejuwon Oluwakemi & Adejuwon Joshua Adewale (2020) Internal control system and Financial Performance of selected Money Deposit Banks in Nigeria, West African Journal of Business and Management Sciences, Faculty of Business Administration, Imo State University, Owerri, Nigerian Edition, Vol 9(4) 2020

Signature

Date

The University Compliance Certification

This is to certify that this thesis was written by Oluwakemi Adefisayo ADEJUWON with Matric number LCU/PG/000488 in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University, Ibadan in full compliance with the approved University format and style.

Signature

Date

Lead City University Ibadan DO NOT COPY